EXHIBIT INDEX ON PAGE 53

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended: DECEMBER 31, 2000

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from To

Commission File Number: 001-14525

VORNADO OPERATING COMPANY

(Exact name of Registrant as specified in its charter)

DELAWARE	22-3569068
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
888 SEVENTH AVENUE, NEW YORK, NEW YORK	10019
(Address of Principal Executive Offices)	(Zip Code)

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

210 ROUTE 4 EAST, PARAMUS, NEW JERSEY 07652
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.01 per share	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting shares held by non-affiliates of the registrant, i.e. by persons other than officers and directors of Vornado Operating Company as reflected in the table in Item 12 of this Form 10-K, as of February 16, 2001 was approximately $16,218,000.

As of February 16, 2001, there were 4,068,924 shares of the registrant's common stock, par value $.01 per share, outstanding.

Documents Incorporated by Reference

PART III: Proxy Statement for Annual Meeting of Stockholders to be held on May 30, 2001.

2

TABLE OF CONTENTS

ITEM

PART I...
ITEM 1. BUSINESS...
ITEM 2. PROPERTIES...
ITEM 3. LEGAL PROCEEDINGS..
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS..................................
EXECUTIVE OFFICERS OF THE COMPANY..
PART II..
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS................
ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA...
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK..........................
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA..
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT AUDITORS ON ACCOUNTING AND FINANCIAL
DISCLOSURE...
PART III...
ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (1)..............................
ITEM 11. EXECUTIVE COMPENSATION (1)..
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT (1)..................
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS (1)..................................
PART IV..
ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K....................
SIGNATURES...

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(1) These items are omitted because the Registrant will file a definitive Proxy Statement pursuant to Regulation 14A involving the election of directors with the Securities and Exchange Commission not later than 120 days after December 31, 2000, which is incorporated by reference herein. Information relating to Executive Officers of the Registrant appears on page 11 of this Annual Report on Form 10-K.

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Certain factors could cause actual results to differ materially from those in the forward-looking statements. Factors that might cause such a material difference include, but are not limited to: (a) the Company's limited operating history; (b) restrictions on the Company's business and future opportunities; (c) dependence upon Vornado Realty Trust; (d) the substantial influence of the Company's controlling stockholders and conflicts of interest; (e) risks associated with potential investments and ability to manage those investments; (f) competition; (g) the Company's obligations under the revolving credit facility; (h) AmeriCold Logistic's obligations under the lease agreements with the Vornado/Crescent Partnership; (i) the Company's limited financial resources; (j) dependence on key personnel; (k) potential anti-takeover effects of the Company's charter documents and applicable law; (l) dependence on dividends and distributions of subsidiaries; (m) potential costs of compliance with environmental laws; (n) changes in the general economic climate; and (o) government regulations.

PART I.

ITEM 1. BUSINESS

GENERAL

On October 16, 1998, Vornado Realty L.P. (the "Operating Partnership"), a subsidiary of Vornado Realty Trust together with its consolidated subsidiaries and preferred stock affiliates, ("Vornado"), made a distribution of one share of common stock, par value $.01 per share (the "Common Stock"), of Vornado Operating Company, a Delaware corporation (the "Company"), for 20 units of limited partnership interest of the Operating Partnership (including the units owned by Vornado) held of record as of the close of business on October 9, 1998 (the "Record Date"), and Vornado in turn made a distribution of the Common Stock it received to the holders of its common shares of beneficial interest.

The Company was formed on October 30, 1997 as a wholly owned subsidiary of Vornado. In order to maintain its status as a real estate investment trust ("REIT") for federal income tax purposes, Vornado is required to focus principally on investments in real estate assets. Accordingly, Vornado is prevented from owning certain assets and conducting certain activities that would be inconsistent with its status as a REIT. The Company was formed to own assets that Vornado could not itself own and conduct activities that Vornado could not itself conduct. The Company is intended to function principally as an operating company, in contrast to Vornado's principal focus on investments in real estate assets. The Company is able to do so because it is taxable as a regular "C" corporation rather than a REIT.

The Company operates businesses conducted at properties it leases from Vornado, as contemplated by the agreement, dated as of October 16, 1998, between the Company and Vornado (the "Vornado Agreement"), referred to below. The Company expects to rely on Vornado to identify business opportunities for the Company, and the Company currently expects that those opportunities will relate in some manner to Vornado and its real estate investments rather than to unrelated businesses.

The principal executive offices of the Company are located at 888 Seventh Avenue, New York, New York 10019, and its telephone number at that location is (212) 894-7000.

VORNADO AGREEMENT AND CHARTER PURPOSE CLAUSES

Pursuant to the Vornado Agreement, among other things, (a) Vornado will under certain circumstances offer the Company an opportunity to become the lessee of certain real property owned now or in the future by Vornado (under mutually satisfactory lease terms) and (b) the Company will not make any real estate investment or other REIT-Qualified Investment unless it first offers Vornado the opportunity to make such investment and Vornado has rejected that opportunity.

More specifically, the Vornado Agreement requires, subject to certain terms, that Vornado provide the Company with an opportunity (a "Tenant Opportunity") to become the lessee of any real property owned now or in the future by Vornado if Vornado determines in its sole discretion that, consistent with Vornado's status as a REIT, it is required to enter into a "master" lease arrangement with respect to such property and that the Company is qualified to act as lessee thereof. In general, a master lease arrangement is an arrangement pursuant to which an entire property or project (or a group of related properties or projects) are leased to a single lessee. Under the Vornado Agreement, the Company and Vornado will negotiate with each other on an exclusive basis for 30 days regarding the terms and conditions of the lease in respect of each Tenant Opportunity. If a mutually satisfactory agreement cannot be reached within the 30-day period, Vornado may for a period of one year thereafter enter into a binding agreement with respect to such Tenant Opportunity with any third party on terms no more favorable to the third party than the terms last offered to the Company. If Vornado does not enter into a binding agreement with respect to such Tenant Opportunity within such one-year period, Vornado must again offer the Tenant Opportunity to the Company in accordance with the procedures specified above prior to offering such Tenant Opportunity to any other party.

In addition, the Vornado Agreement prohibits the Company from making (i) any investment in real estate (including the provision of services related to real estate, real estate mortgages, real estate derivatives or entities that invest in the foregoing) or (ii) any other REIT-Qualified Investment, unless it has provided written notice to

Vornado of the material terms and conditions of the investment opportunity and Vornado has determined not to pursue such investment either by providing written notice to the Company rejecting the opportunity within 10 days from the date of receipt of notice of the opportunity or by allowing such 10-day period to lapse. As used herein, "REIT-Qualified Investment" means an investment, at least 95% of the gross income from which would qualify under the 95% gross income test set forth in Section 856(c)(2) of the Internal Revenue Code of 1986, as amended (the "Code") (or could be structured to so qualify), and the ownership of which would not cause Vornado to violate the asset limitations set forth in Section 856(c)(4) of the Code (or could be structured not to cause Vornado to violate the Section 856(c)(4) limitations); provided, however, that "REIT-Qualified Investment" does not include an investment in government securities, cash or cash items (as defined for purposes of Section 856(c)(4) of the Code), money market funds, certificates of deposit, commercial paper having a maturity of not more than 90 days, bankers' acceptances or the property transferred to the Company by the Operating Partnership. The Vornado Agreement also requires the Company to assist Vornado in structuring and consummating any such investment which Vornado elects to pursue, on terms determined by Vornado. In addition, the Company has agreed to notify Vornado of, and make available to Vornado, investment opportunities developed by the Company or of which the Company becomes aware but is unable or unwilling to pursue.

Under the Vornado Agreement, Vornado provides the Company with certain administrative, corporate, accounting, financial, insurance, legal, tax, data processing, human resources and operational services. Also, Vornado makes available to the Company, at Vornado's offices, space for the Company's principal corporate office. For these services, the Company compensates Vornado in an amount determined in good faith by Vornado as the amount an unaffiliated third party would charge the Company for comparable services and reimburses Vornado for certain costs incurred and paid to third parties on behalf of the Company.

Vornado and the Company each have the right to terminate the Vornado Agreement if the other party is in material default of the Vornado Agreement or upon 90 days written notice to the other party at any time after December 31, 2003. In addition, Vornado has the right to terminate the Vornado Agreement upon a change in control of the Company.

The Company's restated certificate of incorporation specifies that one of its corporate purposes is to perform the Vornado Agreement and, for so long as the Vornado Agreement remains in effect, prohibits the Company from making any real estate investment or other REIT-Qualified Investment without first offering the opportunity to Vornado in the manner specified in the Vornado Agreement.

VORNADO OPERATING L.P. AND INTERSTATE PROPERTIES

The Company holds its assets and conducts its business through Vornado Operating L.P., a Delaware limited partnership ("Company L.P."). The Company is the sole general partner of, and as of December 31, 2000, owns a 90.1% partnership interest in Company L.P. All references to the Company refer to Vornado Operating Company and its subsidiaries including Company L.P.

Interstate Properties, a New Jersey general partnership ("Interstate"), and its three partners -- Steven Roth (Chairman of the Board and Chief Executive Officer of Vornado and the Company), David Mandelbaum (a trustee of Vornado) and Russell B. Wight, Jr. (a trustee of Vornado and a director of the Company) -- beneficially own, in the aggregate, 7.9% of the Company's Common Stock (excluding shares underlying stock appreciation rights ("SARs") and options held by Messrs. Roth and Wight for this purpose) and a 9.9% limited partnership interest in Company L.P. as of December 31, 2000. Interstate has the right to have its limited partnership interest in Company L.P. redeemed by Company L.P. either (a) for cash in an amount equal to the fair market value, at the time of redemption, of 447,017 shares of Common Stock or (b) for 447,017 shares of Common Stock, in each case as selected by the Company and subject to customary anti-dilution adjustments.

TEMPERATURE CONTROLLED LOGISTICS BUSINESS ("AMERICOLD LOGISTICS")

In October 1997, a partnership (the "Vornado/Crescent Partnership") in which Vornado has a 60% interest and Crescent Real Estate Equities Company ("Crescent") has a 40% interest acquired each of AmeriCold Corporation ("AmeriCold") and URS Logistics, Inc. ("URS"). In June 1998, the Vornado/Crescent Partnership acquired the assets of Freezer Services, Inc. and in July 1998 acquired the Carmar Group.

In March 1999, the Company and Crescent Operating Inc. ("Crescent Operating") formed a new partnership - the "Vornado Crescent Logistics Operating Partnership" (which does business under the name "AmeriCold Logistics") that purchased all of the non-real estate assets of the Vornado/Crescent Partnership (the "Landlord") for $48,700,000, of which the Company's 60% share was $29,200,000. The purchase price was proposed by the Vornado/Crescent Partnership (the Sellers). The Board of Directors of both the Company and Crescent Operating reviewed and approved the transaction after concluding that the price was fair market value at the time of the transaction. To fund its share of the purchase price, the Company utilized $4,600,000 of cash, borrowed $18,600,000 under its revolving credit facility with Vornado and paid the balance of $6,000,000 in March 2000.

AmeriCold Logistics, headquartered in Atlanta, Georgia, has 6,700 employees and operates 99 temperature controlled warehouse facilities nationwide with an aggregate of approximately 518 million cubic feet of refrigerated, frozen and dry storage space. Of the 99 warehouses, AmeriCold Logistics leases 88 temperature controlled warehouses with an aggregate of approximately 439 million cubic feet from the Vornado/Crescent Partnership, and manages 11 additional warehouses containing approximately 79 million cubic feet of space. AmeriCold Logistics provides the frozen food industry with refrigerated warehousing and transportation management services. Refrigerated warehouses are comprised of production and distribution facilities. Production facilities typically serve one or a small number of customers, generally food processors, located nearby. These customers store large quantities of processed or partially processed products in the facility until they are shipped to the next stage of production or distribution. Distribution facilities primarily warehouse a wide variety of customers' finished products until future shipment to end-users. Each distribution facility generally services the surrounding regional market. AmeriCold Logistics' transportation management services include freight routing, dispatching, freight rate negotiation, backhaul coordination, freight bill auditing, network flow management, order consolidation and distribution channel assessment. AmeriCold Logistics' temperature controlled logistics expertise and access to both frozen food warehouses and distribution channels enable its customers to respond quickly and efficiently to time-sensitive orders from distributors and retailers.

AmeriCold Logistics' customers consist primarily of national, regional and local frozen food manufacturers, distributors, retailers and food service organizations. A breakdown of AmeriCold Logistics' largest customers include:

	% of 2000 Revenue
H.J. Heinz & Co.	18%
ConAgra, Inc.	8
Sara Lee Corp.	6
Tyson Foods, Inc.	5
McCain Foods, Inc.	4
Diageo Plc	4
Pro-Fac Cooperative, Inc.	4
J.R. Simplot Co.	3
Flowers Industries, Inc.	1
Norpac Foods, Inc.	1
Other	46

AmeriCold Logistics faces national, regional and local competition. Breadth of service, warehouse locations, customer mix, warehouse size, service performance and price are major competitive factors.

Leases for the temperature controlled logistics warehouse properties

(Data in this section represents 100% of AmeriCold Logistics, of which the Company's share is 60%)

AmeriCold Logistics entered into leases covering the warehouses used in this business. The leases, which commenced in March 1999, as amended, generally have a 15-year term with two five-year renewal options and provide for the payment of fixed base rent and percentage rent based on revenue AmeriCold Logistics receives from its customers. Fixed base rent was approximately $136,000,000 in 2000, $137,000,000 per annum from 2001

through 2003, $139,000,000 per annum from 2004 through 2008, and $141,000,000 per annum from 2009 through February 28, 2014. Percentage rent for each lease is based on a specified percentage of revenues in excess of a specified base amount. The aggregate base revenue amount under five of the six leases is approximately $350,000,000, and the weighted average percentage rate is approximately 36% through 2003, approximately 38% for the period from 2004 through 2008 and approximately 40% for the period from 2009 through February 28, 2014. The aggregate base revenue amount under the sixth lease is approximately $32,000,000 through 2001, and approximately $26,000,000 for the period from 2002 through February 28, 2014, and the percentage rate is 24% through 2001, 37.5% for the period from 2002 through 2006, 40% from 2007 through 2011 and 41% from 2012 through February 28, 2014. The fixed base rent for each of the two five-year renewal options is equal, generally, to the greater of the then fair market value rent and the fixed base rent for the immediately preceding lease year plus 5%. See lease restructuring paragraph that follows.

AmeriCold Logistics is required to pay for all costs arising from the operation, maintenance and repair of the properties, including all real estate taxes and assessments, utility charges, permit fees and insurance premiums, as well as property capital expenditures in excess of $5,000,000 annually. See lease restructuring paragraph that follows.

AmeriCold Logistics has the right to defer the payment of 15% of fixed base rent and all percentage rent for up to three years beginning on March 11, 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent. Pursuant thereto, $19,011,000 (of which the Company's share is $11,406,600) was deferred for the year ended December 31, 2000 and $5,400,000 (of which the Company's share is $3,240,000) was deferred for the period ended December 31, 1999. See lease restructuring paragraph that follows.

AmeriCold Logistics recognized $164,464,000 of rent expense for the year ended December 31, 2000 and $133,093,000 of rent expense from March 11, 1999 (acquisition date) through December 31, 1999. See lease restructuring paragraph that follows.

AmeriCold Logistics is experiencing cash flow deficits which management of AmeriCold Logistics is currently addressing by the following: (i) discussions with the Landlord to restructure the Leases (see lease restructuring paragraph that follows); (ii) sales of non-core assets; and (iii) capital infusion by new investors.

Lease Restructuring

On February 22, 2001, the leases were restructured to, among other things, (i) reduce 2001's contractual rent to $146,000,000 ($14,500,000 less than 2000's contractual rent), (ii) reduce 2002's contractual rent to $150,000,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by $4,500,000 to $9,500,000 effective January 1, 2000 and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

Terms of the Vornado Crescent Logistics Operating Partnership

Vornado is the day-to-day liaison to the management of AmeriCold Logistics. AmeriCold Logistics pays Vornado an annual fee of $487,000, which is based on the temperature controlled logistics operating assets acquired by AmeriCold Logistics on March 11, 1999. The fee increases by an amount equal to 1% of the cost of new acquisitions, including transaction costs. AmeriCold Logistics provides financial statement preparation, tax and similar services to the Vornado/Crescent Partnerships for an annual fee of $255,000 in 2000, increasing 2% each year.

The Company must obtain Crescent Operating's approval for specified matters involving AmeriCold Logistics, including approval of the annual budget, requiring specified capital contributions, entering into specified new leases or amending existing leases, selling or acquiring specified assets and any sale, liquidation or merger of AmeriCold Logistics. If the partners fail to reach an agreement on certain matters during the period from November 1, 2000 through October 30, 2007, the Company may set a price at which it commits to either buy Crescent Operating's investment, or sell its own, and Crescent Operating will decide whether to buy or sell at that price. If the partners fail to reach agreement on such matters after October 30, 2007, either party may set a price at which it commits to either buy the other party's investment, or sell its own, and the other party will decide whether to buy or sell at that price.

-6-

7

Neither partner may transfer its rights or interest in the partnership without the consent of the other partner. The partnership will continue for a term through October 30, 2027, except as the partners may otherwise agree.

The senior management of AmeriCold Logistics consists of the same individuals who were the senior management of this business before the new partnership acquired it. Daniel F. McNamara has been the Chief Executive Officer of AmeriCold Logistics since October 1997, when the Vornado/Crescent Partnership acquired the business. From March 1996 to October 1997, Mr. McNamara was Chief Executive Officer of URS Logistics, Inc. (one of the predecessors to AmeriCold Logistics). Before March 1996, Mr. McNamara was Executive Vice President and Chief Operating Officer of Value Rent-A-Car, a wholly-owned subsidiary of Mitsubishi Motors. On November 29, 2000, Mr. McNamara was appointed Vice Chairman of AmeriCold Logistics and will relinquish his position as Chief Executive Officer upon identification of a successor.

TRANSPORTAL NETWORK

Pursuant to a plan announced to employees on September 28, 2000, Transportal Network ("Transportal"), a 60% owned internet start-up, ceased operations because of a failure to attract third party funding. As a result, the Company recorded a charge of $4,983,000 for the year ended December 31, 2000, representing the Company's share of Transportal's loss of $4,260,000 and the estimated cost to cease Transportal's operations of $723,000. The Company's share of losses (including costs to cease operations) from October 1999 (inception) to December 31, 2000 were $5,523,000 and are included in the Company's consolidated statements of operations as "Loss from Transportal Network".

EMPLOYEES

Emanuel R. Pearlman became the Company's Chief Operating Officer, effective June 15, 2000. In his capacity as COO, Mr. Pearlman is responsible for sourcing and executing non-real estate investments on behalf of the Company.

Mr. Pearlman has been actively investing in both private and public companies over the course of the last 12 years through various investment partnerships that he managed. In addition to making investments, he has been actively involved in the financial advisory and strategic development roles for such NYSE companies as Bally Entertainment, Bally Total Fitness Holding Corporation and Jackpot Enterprises. He currently serves on the boards of Etrana Corp. and Network-1 Security Solutions, Inc.

Prior to June 15, 2000, the Company had no employees. The Company expects that, when it acquires specific assets and business operations, the subsidiaries of the Company making such acquisitions will have their own employees. AmeriCold Logistics, in which the Company has a 60% interest, has 6,700 employees.

RISK FACTORS

LIMITED OPERATING HISTORY AND LOSSES INCURRED TO DATE

The Company commenced operations on October 16, 1998. The Company has limited operating history upon which investors can evaluate its business. The Company's operations have incurred losses to date and may continue to do so. AmeriCold Logistics has agreed with the landlord of its temperature controlled logistics warehouses to restructure the leases for 2001 and 2002 to, among other things, reduce the rent and transfer to the landlord an additional portion of maintenance capital requirements. However, AmeriCold Logistics may not generate enough revenues to pay its reduced rents or its share of its capital requirements. The Company is also exploring possible sales of non-core assets of AmeriCold Logistics and possible capital investments in AmeriCold Logistics by new investors. However, the Company may not succeed in selling any such assets or obtaining such additional investments, and Crescent Operating may not grant its consent to any such asset sales as required and may not agree to make any such additional investments. AmeriCold Logistics and the Company may never become profitable.

RESTRICTIONS ON THE COMPANY'S BUSINESS AND FUTURE OPPORTUNITIES

The Vornado Agreement and the Charter prohibit the Company from making any real estate investment or other REIT-Qualified Investment unless it first offers Vornado the opportunity to make such investment and

Vornado has rejected that opportunity. See "Item 1. Business -- Vornado Agreement and Charter Purpose Clauses." Because of the provisions of the Vornado Agreement and the Charter, the nature of the Company's business and the opportunities it may pursue are significantly restricted.

DEPENDENCE UPON VORNADO

The Company expects to rely on Vornado to identify business opportunities for the Company, and the Company currently expects that those opportunities will relate in some manner to Vornado and its real estate investments rather than to unrelated businesses. There is no assurance that Vornado will identify opportunities for the Company or that any opportunities that Vornado identifies will be within the Company's financial, operational or management parameters. Vornado is required under the Vornado Agreement to provide the Company with an opportunity to become the lessee of real property acquired by Vornado only if Vornado determines in its sole discretion that, consistent with Vornado's status as a REIT, it is required to enter into a master lease arrangement with respect to such property and that the Company is qualified to act as lessee thereof. Moreover, the Company is entitled to enter into such a master lease arrangement with Vornado only if the Company and

Vornado are able to agree on mutually satisfactory lease terms.

If in the future Vornado should fail to qualify as a REIT and thereafter acquired a property, Vornado would have the right under the Vornado Agreement to lease the property to any person or entity pursuant to any type of lease (including a master lease arrangement) or to operate the property itself, in either case without offering the Company an opportunity to become a lessee thereof. The Company, however, would remain subject to all of the limitations on its operations contained in the Charter and the Vornado Agreement. Accordingly, if Vornado should fail to qualify as a REIT, that failure could have a material adverse effect on the Company.

If in the future Vornado should sell any property which is leased to the Company, it is possible that the new owner might refuse to renew the lease upon the expiration of its term.

SUBSTANTIAL INFLUENCE OF CONTROLLING STOCKHOLDERS; CONFLICTS OF INTEREST

As of December 31, 2000, Interstate and its three partners -- Steven Roth (Chairman of the Board and Chief Executive Officer of Vornado and the Company), David Mandelbaum (a trustee of Vornado) and Russell B. Wight, Jr. (a trustee of Vornado and a director of the Company) -- beneficially owned, in the aggregate, 17.7% of the outstanding Vornado Common Shares (excluding shares issuable on conversion of units of the Operating Partnership for this purpose) and beneficially owned, in the aggregate, a 9.9% limited partnership interest in Company L.P. and 7.9% of the Common Stock of the Company (excluding shares underlying SARs and options held by Messrs. Roth and Wight for this purpose). Because of the foregoing, Messrs. Roth, Mandelbaum and Wight and Interstate (collectively, the "Interstate Parties") have substantial influence over the Company and Vornado and on the outcome of any matters submitted to the Company's stockholders or Vornado's shareholders for approval.

Four of the members of the Company's Board of Directors (including Messrs. Roth and Fascitelli) are members of Vornado's Board of Trustees, and certain members of senior management of the Company hold corresponding positions with Vornado. Members of the Company's Board and senior management may have different percentage equity interests in the Company and in Vornado. Moreover, the Interstate Parties engage in a wide variety of activities in the real estate business. Thus, members of the Board and senior management of the Company and Vornado and the Interstate Parties may be presented with conflicts of interest with respect to certain matters affecting the Company, such as determinations of which of such entities or persons, if any, may take advantage of potential business opportunities, decisions concerning the business focus of such entities (including decisions concerning the types of properties and geographic locations in which such entities make investments), potential competition between business activities conducted, or sought to be conducted, by such entities or persons (including competition for properties and tenants), possible corporate transactions (such as acquisitions) and other strategic decisions affecting the future of such parties.

RISKS ASSOCIATED WITH POTENTIAL INVESTMENTS AND ABILITY TO MANAGE THOSE INVESTMENTS; COMPETITION

Although the Company currently expects that the opportunities it pursues will relate in some manner to Vornado and its real estate investments rather than to unrelated businesses, it is possible that they will not. In addition, whether or not such opportunities relate in some manner to Vornado and its real estate investments, the businesses in which it engages may require a wide range of skills and qualifications, and there is no assurance that the Company's management or employees will have, or that the Company will be able to hire and retain employees with, such skills and qualifications. There also is no assurance that the opportunities the Company pursues will be integrated, perform as expected or contribute significant revenues or profits to the Company, and there is a risk that the Company may realize substantial losses with respect thereto. The industries in which the Company will compete may be subject to government regulation and restrictions, some of which may be significant and burdensome. The businesses with which it will compete may be better capitalized or have other features that will make it difficult for the Company to compete effectively.

OBLIGATIONS UNDER REVOLVING CREDIT FACILITY; LIMITED FINANCIAL RESOURCES

The Company has entered into a $75,000,000 Revolving Credit Agreement with Vornado (the "Revolving Credit Agreement"). See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." Although only interest and commitment fees will be payable under the Revolving Credit Agreement until it expires, there can be no assurance that the Company will be able to satisfy all of its obligations under the Revolving Credit Agreement.

The Company expects that its cash on hand and borrowings under the Revolving Credit Agreement will be used to support future acquisitions of assets by the Company and other cash requirements including interest and fees under the Revolving Credit Facility. There is no assurance that the Company will have sufficient working capital to cover cash flow deficits, finance future acquisitions or pursue additional opportunities. The Company expects to be able to access capital markets or to seek other financing, including financing from Vornado, but there is no assurance that it will be able to do so at all or in amounts or on terms acceptable to the Company. Under certain circumstances it may be deemed desirable by the Company and Vornado to offer and sell Common Stock and Vornado Common Shares under a common plan of distribution. There is no assurance that the timing, terms and manner of such an offering will be as favorable to the Company as the timing, terms and manner of an offering of Common Stock made independently of Vornado. Neither Vornado nor any other person is obligated to provide any additional funds to the Company, to offer securities under a common plan of distribution or to assist the Company in obtaining additional financing.

ABSENCE OF DIVIDENDS ON COMMON STOCK

The Company intends to use its available funds to cover cash flow deficits and to pursue investment and business opportunities and, therefore, does not anticipate the payment of any cash dividends on the Common Stock in the foreseeable future. Payment of dividends on the Common Stock is prohibited under the Revolving Credit Agreement until all amounts outstanding thereunder have been paid in full and the commitment thereunder is terminated, and will also be subject to such limitations as may be imposed by any other credit facilities that the Company may obtain from time to time.

DEPENDENCE ON KEY PERSONNEL

The Company is dependent on the efforts of Steven Roth, the Chairman and Chief Executive Officer of the Company, Michael D. Fascitelli, the President of the Company and Emanuel R. Pearlman, Chief Operating Officer of the Company. While the Company believes that it could find replacements for these key personnel, the loss of their services could have an adverse effect on the operations of the Company.

POTENTIAL ANTI-TAKEOVER EFFECTS OF CHARTER DOCUMENTS AND APPLICABLE LAW

The Charter and By-laws and applicable sections of the Delaware General Corporation Law (the "DGCL") contain provisions that may make more difficult the acquisition of control of the Company without the approval of the Company's Board.

DEPENDENCE ON DIVIDENDS AND DISTRIBUTIONS FROM SUBSIDIARIES

Substantially all of the Company's assets consist of its partnership interests in Company L.P., of which the Company is the sole general partner. Substantially all of Company L.P.'s properties and assets are held through subsidiaries. Any right of the Company's stockholders to participate in any distribution of the assets of any indirect subsidiary of the Company upon the liquidation, reorganization or insolvency of such subsidiary (and any consequent right of the Company's securityholders to participate in those assets) will be subject to the claims of the

creditors (including trade creditors) and preferred holders of equity, if any, of Company L.P. and such subsidiary, except to the extent the Company has a recognized claim against such subsidiary as a creditor of such subsidiary. In addition, in the event that claims of the Company as a creditor of a subsidiary are recognized, such claims would be subordinate to any security interest in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by the Company.

POTENTIAL COSTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

Under various federal and state laws a current or previous owner or operator of real estate (including, e.g., the Company as lessee of real estate) may be required to investigate and clean up certain hazardous substances released at a property, and may be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred in connection with the contamination. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral or the operator's ability to sell or finance the operations. Other federal, state and local laws, ordinances and regulations require abatement or removal of certain asbestos-containing materials in the event of demolition, renovations or remodeling. The laws also govern emissions of and exposure to asbestos fibers in the air. Air emissions and wastewater discharges and the operation and removal of certain underground storage tanks are also regulated by federal and state laws. In connection with the ownership, operation and management of its properties, including the properties it leases from Vornado or others, the Company could be held liable for the costs of remedial action, or other compliance expenditures, with respect to such regulated substances or tanks and related claims for personal injury, property damage or fines. Further, properties that AmeriCold Logistics (the Company's investee) leases are subject to a variety of environmental laws and regulations in each of the jurisdictions in which it operates governing, among other things, soil and groundwater contamination, the use, handling and disposal of hazardous substances, air emissions, wastewater discharges, and employee health and safety.

ITEM 2. PROPERTIES

Under the Vornado Agreement, Vornado makes available to the Company, at Vornado's offices, space for the Company's principal corporate offices, for which the Company compensates Vornado in an amount determined in good faith by Vornado as the amount an unaffiliated third party would charge the Company for comparable space. The Company believes that such facilities will be adequate to meet its expected requirements for the coming year.

ITEM 3. LEGAL PROCEEDINGS

The Company is from time to time involved in legal actions arising in the ordinary course of its business. In the opinion of management, after consultation with legal counsel, the outcome of such matters will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 2000.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list of the names, ages, principal occupations and positions with the Company of the executive officers of the Company and the position held by such officers since the Company was incorporated. Officers are appointed by and serve at the discretion of the Board of Directors.

Steven Roth, age 59, is Chairman of the Board and Chief Executive Officer of the Company since incorporation. Mr. Roth has been Chairman of the Board and Chief Executive Officer of Vornado since May 1989 and Chairman of the Executive Committee of the Board of Vornado since April 1988. Since 1968, he has been the managing general partner of Interstate. On March 2, 1995, he became Chief Executive Officer of Alexander's, Inc. ("Alexander's"). Mr. Roth is also a director of Alexander's and of Capital Trust.

Michael D. Fascitelli, age 44, is President and a director of the Company since incorporation. Mr. Fascitelli has been President and a trustee of Vornado, and a director of Alexander's, since December 2, 1996. From December 1992 to December 1996, Mr. Fascitelli was a partner at Goldman, Sachs & Co. in charge of its real estate practice.

Joseph Macnow, age 55, is Executive Vice President - Finance and Administration of the Company since incorporation. Mr. Macnow has been Executive Vice President - Finance and Administration of Vornado since January 1998. From 1985 to January 1998, Mr. Macnow was Vice President and Chief Financial Officer of Vornado.

Emanuel R. Pearlman, age 40, is Chief Operating Officer of the Company since June 2000. Mr. Pearlman has been actively investing in both private and public companies over the course of the last 12 years through various investment partnerships that he managed. In addition to making investments, he has been actively involved in the financial advisory and strategic development roles for such NYSE companies as Bally Entertainment, Bally Total Fitness Holding Corporation and Jackpot Enterprises. He currently serves on the boards of Etrana Corp. and Network-1 Security Solutions, Inc.

Patrick T. Hogan, age 33, is Vice President - Chief Financial Officer since March 1, 2001. Mr. Hogan served as Chief Financial Officer and Treasurer for Correctional Properties Trust, a Maryland UPREIT, from February 1998 to February 2001; from June 1996 to February 1998, Mr. Hogan worked for the Wackenhut Corporation and Subsidiaries managing treasury and financial reporting functions while also assisting in the formation of Correctional Properties Trust.

Irwin Goldberg, age 56, was Vice President - Chief Financial Officer of the Company from January 1998 to February 2001. Mr. Goldberg was Vice President - Chief Financial Officer of Vornado from January 1998 to February 2001. From 1978 to January 1998, Mr. Goldberg was a partner at Deloitte & Touche LLP.

Neither Mr. Roth nor any other member of management is committed to spending a particular amount of time on the Company's affairs, nor will any of them devote their full time to the Company. Because of their other time commitments and because the Company does not yet own any operating assets, Mr. Roth and the other members of management anticipate that they will initially not be devoting a significant amount of time to the activities of the Company. Once the Company acquires material operating assets, Mr. Roth and the other members of management anticipate that they will devote such time and efforts as they deem reasonably necessary to conduct the operations of the Company while continuing to devote a material amount of their time and efforts to the management and properties of Vornado.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock of the Company is listed on the American Stock Exchange under the symbol "VOO". The Transfer Agent and Registrar for the Common Stock is First Union National Bank, Charlotte, North Carolina.

Quarterly price ranges of the Common Stock for the years ended December 31, 2000 and 1999 were as follows:

	YEAR ENDED DECEMBER 31, 2000		YEAR ENDED DECEMBER 31, 1999	
QUARTER	HIGH	LOW	HIGH	LOW
1st........................	$ 14.25	$ 5.31	$ 10.00	$ 5.
2nd........................	13.25	5.75	9.13	5.
3rd........................	7.88	5.38	8.38	6.
4th........................	5.56	1.38	6.94	5.

The approximate number of record holders of Common Stock of the Company at December 31, 2000 was 1,100.

No cash dividends have been declared or paid in respect of the Common Stock. The Company intends to use its available funds to cover cash flow deficits and to pursue investment and business opportunities and, therefore, does not anticipate the payment of any cash dividends on the Common Stock in the foreseeable future. Payment of any dividends on the Common Stock is prohibited under the Revolving Credit Agreement until all amounts outstanding thereunder are paid in full and the commitment thereunder is terminated, and will also be subject to such limitations as may be imposed by any other credit facilities that the Company may obtain from time to time. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." The declaration of dividends is subject to the discretion of the Board.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

	Year Ended December 31, 2000	Year Ende December 31,
Revenues:		
Interest income	$ 85,441	$ 421,6
Expenses:		
General and administrative	1,574,963	1,094,7
Organization costs	--	359,6
Total expenses	1,574,963	1,454,4
	(1,489,522)	(1,032,7
Loss from AmeriCold Logistics	(10,890,600)	(5,546,4
Loss from Transportal Network	(4,982,576)	(540,0
Gain on sale of investment in Charles E. Smith Commercial Realty L.P.	--	280,0
Interest and debt expense to Vornado Realty Trust	(1,904,580)	(1,216,6
Loss before minority interest	(19,267,278)	(8,055,7
Minority interest	1,581,765	797,5
Net loss	$(17,685,513)	$ (7,258,2
Net loss per share - basic and diluted	$ (4.35)	$ (1.

	December 31, 2000	December
Balance Sheet Data:		
Total assets..	$ 16,729,358	$ 21,3
Note Payable to Vornado Realty Trust..................	19,781,538	4,5
Stockholders' equity (deficit)........................	(4,045,149)	14,3

AmeriCold, URS, Freezer Services, Inc. and the Carmar Group, collectively, are considered predecessors of the Company. The net equity in income (loss) of the predecessors was $2,922,000 from January 1, 1999 to March 11, 1999 (acquisition date), $10,193,000 in 1998, $(11,209,000) in 1997 and $(2,206,000) in 1996.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS

OF OPERATIONS

RESULTS OF OPERATIONS

Years Ended December 31, 2000 and December 31, 1999

The Company had a net loss of $17,685,513 for the year ended December 31, 2000 compared to $7,258,234 for the prior year, an increase of $10,427,279.

Revenues were $85,441 for the year ended December 31, 2000, compared to $421,690 for the prior year, a decrease of $336,249, which resulted from lower average invested balances.

General and administrative expenses were $1,574,963 for the year ended December 31, 2000, compared to $1,094,773 for the prior year, an increase of $480,190. This increase results from (i) an increase in payroll costs associated with the Company's Chief Operating Officer hired on June 15, 2000 and (ii) an increase in franchise taxes.

No organization costs were incurred in the year ended December 31, 2000, whereas $359,643 were

incurred in the prior year.

The Company's loss from AmeriCold Logistics was $10,891,000 for the year ended December 31, 2000, compared to $5,546,000 for the period from March 11, 1999 (acquisition date) to December 31, 1999, an increase of $5,345,000. Included in the loss for the year ended December 31, 2000 is interest income of $171,000 earned on the $3,000,000 promissory note advanced to AmeriCold Logistics by the Company in the third quarter of 2000. Excluding interest income, the loss from AmeriCold Logistics was $11,062,000 for the year ended December 31, 2000.

On February 22, 2001, AmeriCold Logistics' leases with the Vornado REIT/Crescent REIT Partnership (the "Landlord") were restructured to, among other things, (i) reduce 2001's contractual rent to $146,000,000 ($14,500,000 less than 2000's contractual rent), (ii) reduce 2002's contractual rent to $150,000,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by $4,500,000 to $9,500,000 effective January 1, 2000 and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

Had the rent under the lease restructuring discussed above been effective for the year ended December 31, 2000, the Company's loss from AmeriCold Logistics would have been $2,365,000.

On a pro forma basis, assuming that the acquisition of AmeriCold Logistics had occurred on January 1, 1999, the Company's loss from investment in AmeriCold Logistics increased $4,168,600 compared to the pro forma loss of $6,893,400 for the year ended December 31, 1999. This increase is discussed below:

AMERICOLD LOGISTICS RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

The following are discussions of the results of operations of AmeriCold Logistics, the Company's Temperature Controlled Logistics business - see page 4 for a discussion of this business. The data below represents 100% of this business of which the Company owns 60%. For the purpose of the discussions below, "Leased Operations" refer to operations at warehouses leased by AmeriCold Logistics and "Other Operations" refer to (i) warehouses managed by AmeriCold Logistics for the accounts of customers, (ii) Transportation Management Services, which includes freight routing, dispatching, freight rate negotiation, backhaul coordination, and distribution channel assessment, and (iii) Quarry Operations. The data for the year ended December 31, 1999 is pro forma because the acquisition of AmeriCold Logistics occurred on March 11, 1999.

Revenues were $676,158,000 for the year ended December 31, 2000, compared to $679,807,000 for the prior year, a decrease of $3,649,000. Revenues from Leased Operations were $460,973,000 for the year ended December 31, 2000, compared to $448,449,000 for the prior year, an increase of $12,524,000. Revenues from Other Operations were $215,185,000 for the year ended December 31, 2000, compared to $231,358,000 for the prior year, a decrease of $16,173,000.

The revenue increase in Leased Operations for the year results from (i) an increase in revenue from new warehouses of $10,912,000, and (ii) an increase in revenue at comparable warehouses (operations at warehouses that were leased for each year) of $1,612,000. The decrease in revenue from Other Operations is primarily the result of a decline in Transportation Management Services revenue due to the expiration of a contract with a customer.

The gross margin for Leased Operations at comparable warehouses was $181,022,000, or 40.5% for the year ended December 31, 2000, compared to $179,791,000, or 40.4% for the prior year, an increase of $1,231,000. In addition, the increase in gross margin from newly built warehouses was $5,241,000.

Operating income from Other Operations was $11,178,000 for the year ended December 31, 2000, compared to $15,015,000 for the prior year, a decrease of $3,837,000. This decrease was due to the expiration of a contract in the Transportation Management Services operation and a decline in the volumes and margins of the Quarry Operations.

Rent expense was $170,640,000 for the year ended December 31, 2000, compared to $167,580,000 for the prior year, an increase of $3,060,000. This increase was primarily due to new

warehouses. See above for the effect of the lease restructuring on contractual rent.

General and administrative expenses were $35,933,000 for the year ended December 31, 2000, compared to $32,588,000 for the prior year, an increase of $3,345,000. This increase resulted primarily from (i) an increase in severance pay of $2,154,000, and (ii) higher corporate office expenses.

Depreciation and amortization expense was $7,803,000 for the year ended December 31, 2000, compared to $5,964,000 for the prior year, an increase of $1,839,000. This increase resulted primarily from changes in the purchase price allocation in the fourth quarter of 1999, and an increase in the depreciable asset base.

Interest expense was $2,136,000 for the year ended December 31, 2000, compared to $663,000 for the prior year, an increase of

$1,473,000. This increase resulted from borrowings and interest on deferred rent balances in 2000.

Other income was $727,000 for the year ended December 31, 2000, compared to $592,000 for the prior year, an increase of $135,000.

As a result of the aforementioned factors, AmeriCold Logistics' net loss for the year ended December 31, 2000 increased by $6,947,000 to $18,436,000 when compared to the prior year's pro forma loss. The Company's share of this loss is $11,062,000.

Loss from Transportal Network was $4,982,576 for the year ended December 31, 2000, compared to $540,000 for the prior year, an increase of $4,442,576. As discussed below, Transportal Network ceased operations during 2000 and the loss for the current year includes $723,000 relating to shutting down the operation.

Interest and debt expense to Vornado Realty Trust was $1,904,580 for the year ended December 31, 2000, compared to $1,216,628 for the prior year, an increase of $687,952, which resulted from higher average outstanding balances under the revolving credit facility with Vornado Realty Trust.

Gain on sale of investment in partnership of $280,000 for the year ended December 31, 1999 results from the exercise of the Company's option to require Vornado to repurchase its investment in Charles E. Smith Commercial Realty L.P.

Years Ended December 31, 1999 and December 31, 1998

The Company had a net loss of $7,258,234 for the year ended December 31, 1999 and a net loss of $884,520 for the period from October 16, 1998 (commencement of operations) to December 31, 1998.

Revenues of $421,690 and $261,948 for the year ended December 31, 1999 and the period October 16, 1998 (commencement of operations) to December 31, 1998 consisted solely of interest income, which decreased on an annualized basis as a result of lower average invested balances.

Expenses were comprised of (i) general and administrative expenses of $1,094,773 and $271,698 for the year ended December 31, 1999 and the period October 16, 1998 (commencement of operations) to December 31, 1998, including reimbursements paid to Vornado for certain administrative and other services provided to the Company, directors fees, insurance, legal and accounting fees and (ii) additional organization costs of $359,643 for the year ended December 31, 1999.

The Company owned AmeriCold Logistics from March 11, 1999. The Company's loss from this investment in 1999 was $5,546,400 as compared to the full year pro forma loss of $6,893,400 discussed below.

AMERICOLD LOGISTICS PRO FORMA RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

The following are discussions of the pro forma results of operations of AmeriCold Logistics, the Company's Temperature Controlled Logistics business - see page 4 for a discussion of this business. The data below represents 100% of this business of which the Company owns 60%. For the purpose of the discussions below, "Leased Operations" refer to operations at warehouses leased by AmeriCold Logistics and "Other Operations" refer to (i) warehouses managed by AmeriCold Logistics for the accounts of customers, (II) Transportation Management Services , which includes freight routing, dispatching, freight rate negotiation, backhaul coordination, and distribution channel assessment, and (iii) Quarry Operations. The data below is pro forma because (i) certain of the businesses were acquired in 1998 and (ii) the real estate assets were separated from the remainder of the business in March 1999.

In 1999, revenue increased $78,614,000, or 13.1%, to $679,807,000. Revenue from Leased Operations increased $29,548,000, or 7.1%, to $448,449,000 while revenue from Other Operations increased $49,066,000, or 26.9%, to $231,358,000.

Margin percentage for Leased Operations declined by 0.6% resulting in a decline in operating income of approximately $2,513,000. As a result of the increased volume, offset by the margin percentage decline, margin dollars increased by $13,581,000.

Operating income from Other Operations was $15,015,000, an increase of $1,705,000 from the prior year.

Rent expense increased by $14,932,000, to $167,580,000, resulting from percentage rent caused by the increase in revenue from Leased Operations.

General and administrative expenses increased by $3,307,000 resulting from increased staffing for long-term growth strategies.

Depreciation and amortization expense declined by $2,002,000. Interest expense, net of other income, decreased by $1,178,000. These decreases were the result of changes in purchase price allocation and related financing.

As a result of the aforementioned factors, the pro forma net loss for 1999 decreased approximately $227,000 to $11,489,000. The Company's share of this loss would have been $6,893,400.

Loss from investment in Transportal Network was $540,000, which consisted of initial start-up and organization costs for the period ended December 31, 1999.

Interest and debt expense of $1,216,628 for the year ended December 31, 1999 is comprised of interest on the outstanding balance on the Company's revolving credit facility from Vornado and the fee on the unused portion of the facility.

Gain on sale of investment in partnership of $280,000 for the year ended December 31, 1999 results from the exercise of the Company's option to require Vornado to repurchase its investment in Charles E. Smith Commercial Realty L.P.

LIQUIDITY AND CAPITAL RESOURCES

As part of its formation, the Company obtained a $75,000,000 unsecured revolving credit facility from Vornado which expires on December 31, 2004. Borrowings under the Revolving Credit Agreement bear interest at LIBOR plus 3% (9.56% at December 31, 2000). The Company pays Vornado a commitment fee equal to

1% per annum on the average daily unused portion of the facility pursuant thereto; for the years ended December 31, 2000 and 1999 the Company paid $629,833 and $697,425 to Vornado. Amounts may be borrowed under the Revolving

Credit Agreement, repaid and reborrowed from time to time on a revolving basis (so long as the principal amount outstanding at any time does not exceed $75,000,000). At December 31, 2000 and 1999, $19,781,538 and $4,586,896 were outstanding, respectively. Principal payments are not required under the Revolving Credit Agreement during its term. The Revolving Credit Agreement prohibits the Company from incurring indebtedness to third parties (other than certain purchase money debt and certain other exceptions) and prohibits the Company from paying any dividends. Debt under the Revolving Credit Agreement is fully recourse against the Company. The Company expects that borrowings under the Revolving Credit Agreement will be used to support future acquisitions of assets by the Company and other cash requirements including interest and fees under the Revolving Credit Agreement. The Company has no external sources of financing except for the Revolving Credit Agreement.

During the year ended December 31, 2000 the Company funded $9,000,000 to AmeriCold Logistics. In the first quarter, $6,000,000 was funded representing the Company's contribution to complete its share of the March 1999 purchase by AmeriCold Logistics of its non-real estate assets from the Vornado/Crescent Partnership. In the third quarter, $3,000,000 was advanced under a promissory note bearing interest at 12%.

AmeriCold Logistics is experiencing cash flow deficits which management of AmeriCold Logistics is currently addressing by the following: (i) discussions with the Landlord to restructure the Leases (see lease restructuring paragraph that follows); (ii) sales of non-core assets; and (iii) capital infusion by new investors.

Lease Restructuring

On February 22, 2001, the leases were restructured to, among other things, (i) reduce 2001's contractual rent to $146,000,000 ($14,500,000 less than 2000's contractual rent), (ii) reduce 2002's contractual rent to $150,000,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by $4,500,000 to $9,500,000 effective January 1, 2000 and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

Total rent expense was $164,494,000 and $133,093,000 for the year ended December 31, 2000 and the period March 11, 1999 (acquisition date) to December 31, 1999, respectively, of which AmeriCold Logistics deferred $19,011,000 and $5,400,000. As at December 31, 2000, the balance of AmeriCold Logistics deferred rent is as follows:

	Total	The Company's Share
2000:		
Quarter ended December 31	$ 7,511,000	$ 4,506,600
Quarter ended September 30	4,800,000	2,880,000
Quarter ended June 30	6,700,000	4,020,000

	19,011,000	11,406,600
1999:		
Quarter ended December 31	5,400,000	3,240,000
	$24,411,000	$ 14,646,600

In the aggregate, the Company's investments do not generate sufficient cash flow to pay all of its expenses. The Company estimates that it has adequate borrowing capacity under its credit facility to meet its cash requirements.

Cash Flows Year Ended December 31, 2000

Cash flows used in operating activities of $3,148,337 were comprised of net loss of $17,685,513 offset by: (i) the net change in operating assets and liabilities of $137,630, and (ii) adjustments for non-cash and non-operating items of $14,399,546. The adjustments for non-cash and non-operating items are comprised of (i) loss from AmeriCold Logistics of $11,046,600 and (ii) loss from Transportal Network of $4,982,576, offset by (i) minority interest of $1,581,765 and (ii) non-cash compensation of $47,865.

Net cash used in investing activities of $14,718,012 was comprised of investment in and advances to AmeriCold Logistics of $9,000,000, investment in Transportal Network of $4,940,382, and purchases of securities available for sale of $777,630.

Net cash provided by financing activities of $15,198,043 was comprised primarily of proceeds from borrowings of $17,100,000, offset by repayments of borrowings under the Company's revolving credit facility with Vornado of $1,905,358.

Cash Flows Year Ended December 31, 1999

Cash flows used in operating activities of $2,963,096 were comprised of (i) net loss of $7,258,234 and (ii) the net change in operating assets and liabilities of $719,592, offset by adjustments for non-cash and non-operating items of $5,014,730. The adjustment for non-cash and non-operating items are comprised of (i) loss from investment in AmeriCold Logistics of $5,546,400, (ii) loss from investment in Transportal Network of $540,000 and (iii) stock appreciation rights compensation expense of $5,850, offset by (i) minority interest of $797,520 and (ii) gain on the sale of investment in Charles E. Smith Commercial Realty L.P. of $280,000.

Net cash used in investing activities of $10,158,891 was comprised of investment in AmeriCold Logistics of $23,358,891, offset by proceeds from the sale of investment in Charles E. Smith Commercial Realty L.P. of $13,200,000.

Net cash provided by financing activities of $4,548,296 was comprised primarily of proceeds from borrowing of $18,586,896, offset by repayments of borrowings under the Company's revolving credit facility with Vornado of $14,000,000.

Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Company is required to adopt SFAS No. 133, as amended by SFAS No. 138, effective January 1, 2001. Because the Company does not currently utilize derivative instruments or engage in hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At December 31, 2000 and 1999, the Company had $19,781,538 and $4,586,896 of variable rate debt outstanding bearing interest at LIBOR plus 3.00% (9.56% at December 31, 2000). A one percent increase for one year in the base used to determine the interest rate of the variable rate debt would result in a $197,815 increase in the Company's annual net loss for the year ended December 31, 2000 ($0.05 per basic and diluted share).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report..
Consolidated Balance Sheets at December 31, 2000 and 1999.......................................
Consolidated Statements of Operations for the years ended December 31, 2000 and 1999 and the peri
October 16, 1998 (Commencement of Operations) to December 31, 1998..........................
Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2000 a
1999 and the period October 16, 1998 (Commencement of Operations) to December 31, 1998......
Consolidated Statements of Cash Flows for the years ended December 31, 2000 and 1999 and the peri
October 16, 1998 (Commencement of Operations) to December 31, 1998..........................
Notes to Consolidated Financial Statements...

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

INDEPENDENT AUDITORS' REPORT

Stockholders and Board of Directors
Vornado Operating Company
New York, New York

We have audited the accompanying consolidated balance sheets of Vornado Operating Company as of December 31, 2000 and 1999 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 2000 and 1999 and for the period October 16, 1998 (commencement of operations) to December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Unites States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Vornado Operating Company at December 31, 2000 and 1999, and the results of their operations and their cash flows for the years ended December 31, 2000 and 1999 and for the period October 16, 1998 (commencement of operations) to December 31, 1998 in conformity with accounting principles generally accepted in the Unites States of America.

DELOITTE & TOUCHE LLP

Parsippany, New Jersey
March 1, 2001

VORNADO OPERATING COMPANY

CONSOLIDATED BALANCE SHEETS

	DEC
	2000
ASSETS	
Cash and cash equivalents	$ 589,564
Marketable securities	57,504
Investment in and advances to AmeriCold Logistics	15,765,891
Prepaid expenses and other assets	316,399
	$ 16,729,358
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
Note payable to Vornado Realty Trust	$ 19,781,538
Due to Transportal Network	582,194
Due to Vornado Realty Trust	73,359
Accrued expenses	337,416
Total liabilities	20,774,507
Minority interest	--

Commitments and contingencies	
Stockholders' equity:	
Common stock: par value $.01 per share; authorized, 40,000,000 shares; issued and outstanding, 4,068,924 and 4,068,310 shares	40,689
Additional paid-in capital	22,462,555
Deficit	(25,828,267)
	(3,325,023)
Accumulated other comprehensive loss	(720,126)
Total stockholders' equity (deficit)	(4,045,149)
	$ 16,729,358

See notes to consolidated financial statements.

-21-

22

VORNADO OPERATING COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DEC 31, 1999
Revenues:		
Interest income	$ 85,441	$ 421,69
Expenses:		
General and administrative	1,574,963	1,094,77
Organization costs	--	359,64
Total expenses	1,574,963	1,454,41
	(1,489,522)	(1,032,72
Loss from AmeriCold Logistics	(10,890,600)	(5,546,40
Loss from Transportal Network	(4,982,576)	(540,00
Interest and debt expense to Vornado Realty Trust	(1,904,580)	(1,216,62
Gain on sale of investment in Charles E. Smith Commercial Realty L.P.	--	280,00
Loss before income tax benefit and minority interest	(19,267,278)	(8,055,75
Income tax benefit	--	--

Loss before minority interest	(19,267,278)	(8,055,75
Minority interest	1,581,765	797,52
Net loss	$(17,685,513)	$ (7,258,23
Net loss per share -- basic and diluted	$ (4.35)	$ (1.7

See notes to consolidated financial statements.

VORNADO OPERATING COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS
Cash contribution for 1,000 shares on October 16, 1998	$10	$24,999,990	$ --	$ --
Additional stock issued in connection with the distribution, 4,514,327 shares	45,143	(45,143)	--	--
Additional equity contribution	--	14,917	--	--
Exchange with Interstate Properties, 447,017 shares	(4,470)	(2,472,004)	--	--
Net loss	--	--	(884,520)	--
BALANCE, DECEMBER 31, 1998	40,683	22,497,760	(884,520)	--
Costs incurred to register securities for stock option plan	--	(38,600)	--	--
Net loss	--	--	(7,258,234)	--
BALANCE, DECEMBER 31, 1999	40,683	22,459,160	(8,142,754)	--
Common Stock issued under employees' stock plan	6	3,395	--	--
Unrealized loss on securities available for sale	--	--	--	(720,126)
Net loss	--	--	(17,685,513)	--
BALANCE, DECEMBER 31, 2000	$40,689	$22,462,555	$(25,828,267)	$ (720,126)

See notes to consolidated financial statements.

VORNADO OPERATING COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2000	YEAR END 31,
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(17,685,513)	$(7,
Adjustments to reconcile net loss to net cash used in operations:		
Minority interest	(1,581,765)	(
Equity in loss from AmeriCold Logistics (net of interest receivable of $15,000)	11,046,600	5,
Loss from Transportal Network	4,982,576	
Stock appreciation rights compensation (income) expense	(47,865)	
Gain on sale of investment in Charles E. Smith Commercial Realty L.P.	--	(
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(14,054)	
Accrued expenses	168,325	
Due to Vornado Realty Trust	(16,641)	(
Net cash used in operating activities	(3,148,337)	(2,
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in and advances to AmeriCold Logistics	(9,000,000)	(23,
Investment in Transportal Network	(4,940,382)	
Proceeds from sale of (investment in) Charles E. Smith Commercial Realty L.P.	--	13,
Purchases of securities available for sale	(777,630)	
Net cash used in investing activities	(14,718,012)	(10,
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	17,100,000	18,
Repayments on borrowings	(1,905,358)	(14,
Other	3,401	
Initial capital contribution	--	
Additional equity contribution	--	
Net cash provided by financing activities	15,198,043	4,
Net (decrease) increase in cash and cash equivalents	(2,668,306)	(8,
Cash and cash equivalents at beginning of period	3,257,870	11,

Cash and cash equivalents at end of period	$589,564	$3,
	==========	===
SUPPLEMENTAL INFORMATION:		
Cash payments for interest	$1,904,580	$1,
	==========	===
NON-CASH TRANSACTIONS:		
Exchange with Interstate Properties	$ --	$
	==========	===
Unrealized loss on securities available for sale	$ (720,126)	$
	==========	===

See notes to consolidated financial statements.

VORNADO OPERATING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

Vornado Operating Company, a Delaware Corporation, was incorporated on October 30, 1997, as a wholly owned subsidiary of Vornado Realty Trust together with its consolidated subsidiaries and preferred stock affiliates ("Vornado") and commenced Operations on October 16, 1998. In order to maintain its status as a real estate investment trust ("REIT") for federal income tax purposes, Vornado is required to focus principally on investments in real estate assets. Accordingly, Vornado is prevented from owning certain assets and conducting certain activities that would be inconsistent with its status as a REIT. Vornado Operating Company was formed to own assets that Vornado could not itself own and conduct activities that Vornado could not itself conduct. Vornado Operating Company is intended to function principally as an operating company, in contrast to Vornado's principal focus of investment in real estate assets. Vornado Operating Company is able to do so because it is taxable as a regular "C" corporation rather than a REIT.

On October 16, 1998, Vornado Realty L.P. (the "Operating Partnership"), a subsidiary of Vornado, made a distribution (the "Distribution") of one share of common stock, par value $.01 per share ("Common Stock"), of Vornado Operating Company (the "Company") for 20 units of limited partnership interest of the Operating Partnership (including the units owned by Vornado) held of record as of the close of business on October 9, 1998 (the "Record Date"), and Vornado in turn made a distribution of the Common Stock it received to the holders of its common shares of beneficial interest.

The Company holds its assets and conducts its business through Vornado Operating L.P., a Delaware limited partnership ("Company L.P."). The Company is the sole general partner of, and as of December 31, 2000 owned a 90.1% partnership interest in, Company L.P. All references to the "Company" refer to Vornado Operating Company and its subsidiaries including Company L.P.

In the aggregate, the Company's investments do not generate sufficient cash flow to pay all of its expenses. The Company estimates that it has adequate borrowing capacity under its credit facility to meet its cash requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION: The accompanying consolidated financial statements include the accounts of the Company and Company L.P. All significant intercompany amounts have been eliminated. Certain reclassifications to prior year amounts have been made to conform with the current year's presentation. Management has made estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents consist of highly liquid investments purchased with original maturities of three months or less.

MARKETABLE SECURITIES: During the year ended December 31, 2000, the Company purchased marketable securities which it intends to hold for an indefinite period of time and therefore has classified them as securities available for sale. Unrealized gains and losses are included as a component of stockholders' equity (deficit) and other comprehensive loss. Realized gains or losses on the sale of securities are recorded based on average cost.

At December 31, 2000, marketable securities had an aggregate market value of $57,504, resulting in gross unrealized losses of $720,126.

EQUITY INVESTEES: Equity interests in partially-owned entities include partnerships and joint ventures and are accounted for under the equity method of accounting as the Company exercises significant influence. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss) and cash contributions and distributions.

FAIR VALUE OF FINANCIAL INSTRUMENTS: All financial instruments of the Company are reflected in the accompanying consolidated balance sheets at historical cost which, in management's estimation, based upon an interpretation of available market information and valuation methodologies, reasonably approximates their fair values. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of the Company's financial instruments.

INCOME TAXES: Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the treatment of certain items for financial statement purposes and the treatment of those items for corporation tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

The net basis of the Company's assets and liabilities for tax purposes approximates the amount reported for financial statement purposes.

AMOUNTS PER SHARE: Basic and diluted loss per share exclude the effects of options. Stock options outstanding were not dilutive in any period.

STOCK OPTIONS: The Company accounts for stock-based compensation using the intrinsic value method. Under the intrinsic value method compensation cost is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted market price of the Company's stock on the grant date. Accordingly, no compensation cost has been recognized for the Company's stock option plans. In addition, costs incurred in connection with registering such securities that would be issued upon exercise are a reduction of stockholders' equity.

ORGANIZATION COSTS: Costs incurred in connection with the organization of Company were expensed in accordance with the American Institute of Certified Public Accountant's Statement of Position 98-5 -- "Reporting on the Costs of Start-up Activities" which the Company adopted in December 1998.

RECENTLY ISSUED ACCOUNTING STANDARDS: In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Company is required to adopt SFAS No. 133, as amended by SFAS No. 138, effective January 1, 2001. Because the Company does not currently utilize derivative instruments or engage in hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

3. ACQUISITION AND DISPOSITION

Temperature Controlled Logistics Business ("AmeriCold Logistics")

In October 1997, a partnership (the "Vornado/Crescent Partnership") in which Vornado has a 60% interest and Crescent Real Estate Equities Company has a 40% interest acquired each of AmeriCold Corporation and URS Logistics, Inc. In June 1998, the Vornado/Crescent Partnership acquired the assets of Freezer Services, Inc. and in July 1998 acquired the Carmar Group.

In March 1999, the Company and Crescent Operating Inc. ("Crescent Operating") formed a new partnership - the "Vornado Crescent Logistics Operating Partnership" (which does business under the name "AmeriCold Logistics") that purchased all of the non-real estate assets of the Vornado/Crescent Partnership (the

"Landlord") for $48,700,000, of which the Company's 60% share was $29,200,000. AmeriCold Logistics leases 88 temperature controlled warehouses from the Vornado/Crescent Partnership, which continues to own the real estate. The leases, which commenced in March 1999, as amended, generally have a 15-year term with two five-year renewal options and provide for the payment of fixed base rent and percentage rent based on customer revenues. AmeriCold Logistics is required to pay for all costs arising from the operation, maintenance and repair of the properties, as well as property capital expenditures in excess of $5,000,000 annually. AmeriCold Logistics has the right to defer the payment of 15% of fixed base rent and all percentage rent for up to three years beginning on March 11, 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent. (On February 22, 2001 the leases were restructured, see discussion in Note 4 `Investments in Partnerships'.) In addition to the leased warehouses, AmeriCold Logistics manages 11 additional warehouses.

The Company owns 60% of AmeriCold Logistics through Company L.P., and Crescent Operating indirectly owns 40% of the Partnership. The Company accounts for this investment under the equity method of accounting as Crescent Operating has "substantive participating rights" as defined in accounting literature.

To fund its share of the purchase price, the Company utilized $4,600,000 of cash, borrowed $18,600,000 under its revolving credit facility with Vornado and paid the balance of $6,000,000 in March 2000.

Charles E. Smith Commercial Realty L.P. ("CESCR").

On December 31, 1998, the Company purchased approximately 1.7% of the outstanding partnership units of CESCR for an aggregate price of approximately $12,900,000, or $34 per unit from Vornado. No distributions were received by the Company on this investment in 1999. CESCR owns interests in and manages office properties in Crystal City, Arlington, Virginia, a suburb of Washington, D.C., and manages additional office and other commercial properties in the Washington, D.C. area. In connection with this purchase, the Company was granted an option to require Vornado to repurchase all of the CESCR units at the price at which the Company purchased the CESCR units from Vornado, plus a cumulative return on such amount at a rate of 10% per annum. In March 1999, the Company exercised its option and Vornado acquired the CESCR units from the Company for $13,200,000.

PRO FORMA INFORMATION

The unaudited pro forma condensed consolidated operating results for the Company for the twelve months ended December 31, 1999 are presented as if the acquisitions and dispositions described above and the financing attributable thereto had occurred on January 1, 1999.

VORNADO OPERATING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Condensed Consolidated Pro Forma Operating Results

	Pro Forma Twelve Months En December 31, 19
Revenues	$ 422,000
Expenses	(1,454,000)
	(1,032,000)
Loss from investment in AmeriCold Logistics	(6,893,000)
Loss from investment in Transportal Network	(540,000)
Interest and debt expense	(1,467,000)
Gain on sale of investment in Charles E. Smith Commercial Realty LP Realty	280,000
Minority interest	956,000
Net loss	$(8,696,000)
Net loss per share - basic and diluted	$ (2.14)

4. INVESTMENTS IN PARTNERSHIPS

The Company's investments in and advances to partnership and loss recognized from such investments are as follows:

(amounts in thousands)

	Investments in and Advances to Partnership		Total Assets		Tot
	December 31, 2000	December 31, 1999	2000	1999	2000
AmeriCold Logistics (60% interest)	$ 15,766	$ 17,812	$161,680	$153,512	$ 6,93

During the year ended December 31, 2000 the Company funded $9,000,000 to AmeriCold Logistics. In the first quarter $6,000,000 was funded representing the Company's contribution to complete its share of the March 1999 purchase by AmeriCold Logistics of its non-real estate assets from the Vornado/Crescent Partnership. In the third quarter, $3,000,000 was advanced under a promissory note bearing interest at 12%.

(amounts in thousands)	Loss from Investments in Partnerships — For The Year Ended December 31, 2000	December 31, 1999
AmeriCold Logistics (60% interest)	$(10,891)	$ (5,546)
Transportal Network (60% interest)	(4,983)	(540)
	$(15,874)	$ (6,086)

The following condensed operating data represents 100% of AmeriCold Logistics of which the Company's share is 60%:

(amounts in thousands)

	For the Year Ended December 31, 2000	For the Period March 11, 1999 (Acquisition Date) to December 31,1999

Revenues	$ 676,158	$ 557,708
Costs other than depreciation applicable to revenues	$ 649,449	$ 535,426
Net loss	$ (18,436)	$ (9,244)

AmeriCold Logistics is experiencing cash flow deficits which management of AmeriCold Logistics is currently addressing by the following: (i) discussions with the Landlord to restructure the Leases (see lease restructuring paragraph that follows); (ii) sales of non-core assets; and (iii) capital infusion by new investors.

Lease Restructuring

On February 22, 2001, the leases were restructured to, among other things, (i) reduce 2001's contractual rent to $146,000,000 ($14,500,000 less than 2000's contractual rent), (ii) reduce 2002's contractual rent to $150,000,000 (plus contingent rent in certain circumstances), (iii) increase the Landlord's share of annual maintenance capital expenditures by $4,500,000 to $9,500,000 effective January 1, 2000 and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

Total rent expense was $164,494,000 and $133,093,000 for the year ended December 31, 2000 and the period March 11, 1999 (acquisition date) to December 31, 1999, respectively, of which AmeriCold Logistics deferred $19,011,000 and $5,400,000. As at December 31, 2000, the balance of AmeriCold Logistics deferred rent is as follows:

	Total	The Company's Share
2000:		
Quarter ended December 31	$7,511,000	$4,506,600
Quarter ended September 30	4,800,000	2,880,000
Quarter ended June 30	6,700,000	4,020,000
	19,011,000	11,406,600
1999:		
Quarter ended December 31	5,400,000	3,240,000
	$24,411,000	$14,646,600

The following discussion relates to the Company's 60% investment in Transportal Network ("Transportal"):

Pursuant to a plan announced to employees on September 28, 2000, Transportal, a 60% owned internet start-up, ceased operations because of a failure to attract third party funding. As a result, the Company recorded a charge of $4,983,000 for the year ended December 31, 2000, representing the Company's share of Transportal's loss of $4,260,000 and the estimated cost to cease Transportal's operations of $723,000. The Company's share of losses (including costs to cease operations) from October 1999 (inception) to December 31, 2000 were $5,523,000 and are included in the Company's consolidated statements of operations as "Loss from Transportal Network".

5. INCOME TAXES

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, specifically (i) the 2000 net operating loss carryforward as reflected on the Company's tax return, (ii) the book to tax differences arising from the Company's investment in AmeriCold Logistics and (iii) the write-off of organization costs in 1999 and 1998 for financial reporting purposes and the amortization of such costs over 60 months for tax reporting purposes. The tax effects of significant items comprising the Company's net deferred tax asset as of December 31, 2000, and 1999 are as follows:

	December 31, 2000	Decemb
Deferred assets (liabilities):		
Organization costs	$ 308,700	$
Accrued compensation	--	
Minority interest (taxed directly to Limited Partners)	1,049,400	
Net operating loss carryforward	9,550,500	
Loss on Transportal Network	--	
Equity interest in AmeriCold Logistics	427,900	
	11,336,500	
Valuation allowance	(11,336,500)	(
Net deferred tax asset	$ --	$

Because the Company has only a limited operating history, a valuation allowance has been established for its deferred tax assets. The need for this allowance will be reassessed periodically based upon the operating results of the Company.

A reconciliation of income taxes to the expected income tax benefit is as follows:

	Year Ended December 31, 2000	Year Ended Decem 31, 1999

Loss before income taxes and minority interest	$ 19,267,300	$ 8,055,800
Statutory federal income tax rate	34%	34%
	6,550,900	2,739,000
Expected state income tax benefit	1,156,000	483,300
	7,706,900	3,222,300
Valuation allowance	(7,706,900)	(3,222,300)
Income taxes	$ --	$ --

6. REVOLVING CREDIT FACILITY

As part of its formation, the Company obtained a $75,000,000 unsecured revolving credit facility from Vornado which expires on December 31, 2004. Borrowings under the Revolving Credit Agreement bear interest at LIBOR plus 3% (9.56% at December 31, 2000). The Company pays Vornado a commitment fee equal to 1% per annum on the average daily unused portion of the facility pursuant thereto; for the years ended December 31, 2000 and 1999 the Company paid $629,833 and $697,425 to Vornado. Amounts may be borrowed under the Revolving Credit Agreement, repaid and reborrowed from time to time on a revolving basis (so long as the principal amount outstanding at any time does not exceed $75,000,000). At December 31, 2000 and 1999, $19,781,538 and $4,586,896 were outstanding, respectively. Principal payments are not required under the Revolving Credit Agreement during its term. The Revolving Credit Agreement prohibits the Company from incurring indebtedness

to third parties (other than certain purchase money debt and certain other exceptions) and prohibits the Company from paying any dividends.

7. EMPLOYEES' STOCK OPTION PLAN AND STOCK APPRECIATION RIGHTS

Under the 1998 Omnibus Stock Plan (the "Plan"), various officers and key employees of Vornado were granted incentive stock options and non-qualified options to purchase Common Stock of the Company prior to the Distribution. Options granted are at prices equal to 100% of the market price of the Common Stock at the date of grant. Shares vest ratably, becoming fully vested 36 months after grant. All options expire ten years after grant.

If compensation cost for Plan awards had been determined based on fair value at the grant dates, net loss and loss per share would have been reduced to the pro forma amounts below:

	Year Ended December 31, 2000	Year Ended December 31, 1999	For the P October 1 (Commence Operatio December

Net loss:			
As reported	$ (17,685,513)	$ (7,258,234)	$ (8
Pro forma	$ (18,421,033)	$ (7,806,539)	$ (1,0
Net loss per share:			
Basic and diluted:			
As reported	$ (4.35)	$ (1.78)	$
Pro forma	$ (4.53)	$ (1.92)	$

The fair value of each option grant is estimated on the date of grant using an option-pricing model with the following weighted-average assumptions used for grants in the periods ended December 31, 2000 and 1998 (no options were granted in the year ended December 31, 1999):

	Year Ended December 31, 2000	For the Period October 16, 1998 (Commencement of Operations) to December 31, 1998
Expected volatility	194%	71%
Expected life	5 Years	5 Years
Risk-free interest rate	5.0%	4.6%
Expected dividend yield	--	--

A summary of the Plan's status and changes are presented below:

	December 31, 2000		December 31, 1999	
	Shares	Exercise Price	Shares	Exercise Price
Outstanding at January 1	479,319	$ 5.54	486,599	$ 5.54
Granted	175,000	6.72	--	--
Exercised	(614)	5.54	--	--
Cancelled	(2,230)	5.54	(7,280)	5.54
Outstanding at December 31	651,475	$ 5.86	479,319	$ 5.54
Options exercisable at December 31	319,414		162,868	

Fair value of options granted during the year ended December 31 (per option)	$ 6.54	$ --

The following table summarizes information about options outstanding under the Plan at December 31, 2000:

	Options Outstanding		Options Exercisable	
Exercise Price	Number Outstanding at December 31, 2000	Remaining Contractual Life	Number Exercisable at December 31, 2000	Exercise Pric
$ 5.54	476,475	7.8 Years	319,414	$ 5.54
6.72	175,000	9.4 Years	--	--
	651,475		319,414	

Shares available for future grant at December 31, 2000 were 463,451.

Stock appreciation rights ("SARs") were granted to an officer of the Company prior to the Distribution. SARs are granted at 100% of the market price of the Common Stock at the date of grant. SARs vest ratably, becoming fully vested 36 months after grant. SARs issued at the Distribution and outstanding at December 31, 2000 were 130,000, with an exercise price of $5.54. 86,700 SARs were exercisable at December 31, 2000. The Company reversed all of the previous year's compensation expense relating to SARs in the amount of $47,865 in the year ended December 31, 2000, of which $5,850 and $42,015 was recognized as expense for the years ended December 31, 1999 and 1998, respectively.

8. VORNADO AGREEMENT

The Company and Vornado have entered into an agreement ("Vornado Agreement") pursuant to which, among other things, (a) Vornado will under certain circumstances offer the Company an opportunity to become the lessee of certain real property owned now or in the future by Vornado (under mutually satisfactory lease terms) and

(b) the Company will not make any real estate investment or other REIT-Qualified Investment unless it first offers Vornado the opportunity to make such investment and Vornado has rejected that opportunity.

Under the Vornado Agreement, Vornado provides the Company with certain administrative, corporate, accounting, financial, insurance, legal, tax, data processing, human resources and operational services. Also, Vornado makes available to the Company, at Vornado's offices, space for the Company's principal corporate office. For these services, the Company compensates Vornado in an amount determined in good faith by Vornado as the amount an unaffiliated third party would charge the Company for comparable services and reimburses Vornado for certain costs incurred and paid to third parties on behalf of the Company. For the years ended December 31, 2000 and 1999, the Company incurred approximately $330,000 and for the period October 16, 1998 (commencement of operations) to December 31, 1998, the Company incurred approximately $50,000, for such services.

Vornado and the Company each have the right to terminate the Vornado Agreement if the other party is in material default of the Vornado Agreement or upon 90 days written notice to the other party at any time after December 31, 2003. In addition, Vornado has the right to terminate the Vornado Agreement upon a change in control of the Company.

9. MINORITY INTEREST

Minority interest represents limited partnership interests in Company L.P. not owned by the Company. On October 16, 1998, (i) Interstate Properties, a New Jersey general partnership ("Interstate"), exchanged 447,017 shares of Common Stock for a 9.9% undivided interest in all of the Company's assets and (ii) Interstate and the Company contributed all of their interests in such assets to Company L.P. and in return Interstate received a 9.9% limited partnership interest and the Company received the 90.1% sole general partnership interest therein. At any time after October 16, 1999, Interstate has the right to have its limited partnership interest in Company L.P. redeemed by Company L.P. either (a) for cash in an amount equal to the fair market value, at the time of redemption, of 447,017 shares of Common Stock or (b) for 447,017 shares of Common Stock, in each case as selected by the Company and subject to customary anti-dilution adjustments.

During the year ended December 31, 2000, the investment in Company L.P. by minority holders was fully absorbed by losses. The minority interest's 9.9% share of future losses will be recognized by the Company.

No distributions were made to Interstate for the years ended December 31, 2000 and 1999 and the period October 16, 1998 (commencement of operations) to December 31, 1998.

VORNADO OPERATING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

10. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Year Ended December 31, 2000	Ye Dec
Numerator:		
Net loss	$(17,685,513)	$ (

Denominator:		
Denominator for basic loss per share-weighted average	4,068,727	
Effect of dilutive securities:		
Employee stock options	--	
Denominator for diluted loss per share-adjusted weighted	4,068,727	
Net loss per share-basic and diluted	$ (4.35)	$

11. CONTINGENCIES

The Company is from time to time involved in legal actions arising in the ordinary course of its business. In the opinion of management, after consultation with legal counsel, the outcome of such matters will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

12. SUMMARY OF QUARTERLY RESULTS (UNAUDITED):

(amounts in thousands, except share amounts)	REVENUE	NET LOSS	(BASIC
2000			
March 31	$ 41,778	$(5,527,628)	$
June 30	36,865	(5,288,474)	
September 30	2,875	(4,288,513)	
December 31	3,923	(2,580,898)	
1999			
March 31	$ 178,804	$ (147,397)	$
June 30	145,748	(2,065,188)	
September 30	48,316	(2,579,313)	
December 31	48,822	(2,466,336)	

(1) The total for the year may differ from the sum of the quarters as a result of weighting.

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to directors of the Company will be contained in a definitive Proxy Statement involving the election of directors which the Company will file with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after December 31, 2000, and such information is incorporated herein by reference. For information on the executive officers of the Company, see "Item 4. Submission of Matters to a Vote of Security Holders - Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation will be contained in the Proxy Statement referred to above in "Item 10. Directors and Executive Officers of the Registrant," and such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information relating to security ownership of certain beneficial owners and management will be contained in the Proxy Statement referred to in "Item 10. Directors and Executive Officers of the Registrant," and such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information relating to certain relationships and related transactions will be contained in the Proxy Statement referred to in "Item 10. Directors and Executive Officers of the Registrant," and such information is incorporated herein by reference.

PART IV.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as part of this report:

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules.

The following financial statement schedules should be read in conjunction with the financial statements included in Item 8 of this Annual Report on Form 10-K.

	Pages in thi Annual Repor on Form 10-K
Vornado Crescent Logistics Operating Partnership and Subsidiary:	
Independent Auditors' Report	38
Consolidated Balance Sheets at December 31, 2000 and 1999	39
Consolidated Statements of Operations for the Year Ended December 31, 2000 and the Period from March 11,1999 (Date of Inception) to	

December 31, 1999 41

Consolidated Statements of Partners' Capital for the Year Ended December 31, 2000 and 1999 43

Consolidated Statements of Cash Flows for the Year Ended December 31, 2000 and the Period from March 11, 1999 (Date of Inception) to December 31, 1999

Notes to Financial Statements 45

Schedules other than those listed above are omitted because they are not applicable or the information required is included in the consolidated financial statements or the notes thereto.

3. Exhibits

See Exhibit Index on page 53.

(b) Reports on Form 8-K.

During the last quarter of the period covered by this Annual Report on Form 10-K, the following report on From 8-K was filed:

Period Covered (Date of Event Reported)	Items Reported	Date File
October 6, 2000	Press release regarding Transportal Network ceasing operations	October 6,

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VORNADO OPERATING COMPANY

By: /s/ Joseph Macnow

Joseph Macnow, Executive Vice President - Finance and Administration

Date: March 1, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DA
By: /s/ Steven Roth (Steven Roth)	Chairman of the Board of Directors (Principal Executive Officer)	March
By: /s/ Michael D. Fascitelli (Michael D. Fascitelli)	President and Director	March
By: /s/ Douglas H. Dittrick (Douglas H. Dittrick)	Director	March
By: /s/ Martin N. Rosen (Martin N. Rosen)	Director	March
By: /s/ Richard R. West (Richard R. West)	Director	March
By: /s/ Russell B. Wight, Jr. (Russell B. Wight, Jr.)	Director	March

INDEPENDENT AUDITORS' REPORT

To the Partners
Vornado Crescent Logistics Operating Partnership and Subsidiary:

We have audited the accompanying consolidated balance sheets of Vornado Crescent Logistics Operating Partnership and Subsidiary (the "Partnership") as of December 31, 2000 and 1999, and the related consolidated statements of operations, partners' capital, and cash flows for the year ended December 31, 2000 and for the period from March 11, 1999 (date of inception) to December 31, 1999. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the consolidated financial position of Vornado Crescent Logistics Operating Partnership and Subsidiary at December 31, 2000 and 1999, and their consolidated results of operations and cash flows for the year ended December 31, 2000 and for the period from March 11, 1999 (date of inception) to December

31, 1999 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Atlanta, Georgia

February 27, 2001

VORNADO CRESCENT LOGISTICS OPERATING
PARTNERSHIP AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2000 AND 1999
(AMOUNTS IN THOUSANDS)

ASSETS	2000
CURRENT ASSETS:	
Cash and cash equivalents	$ 6,215
Restricted cash	14,736
Trade accounts receivable, net of allowance for doubtful accounts of $3,502 and $2,036, respectively	77,889
Other current assets	6,821
Working capital to be collected on behalf of Real Estate Companies	(7,507)
	98,154
PROPERTY, PLANT, AND EQUIPMENT:	
Land	18,533
Buildings and improvements	2,476
Machinery and equipment	44,131
	65,140
Less accumulated depreciation	(10,722)
Property, plant, and equipment, net	54,418
OTHER ASSETS	9,108
	$ 161,680

(Continued)

VORNADO CRESCENT LOGISTICS OPERATING
PARTNERSHIP AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2000 AND 1999
(AMOUNTS IN THOUSANDS)

	2000
LIABILITIES AND PARTNERS' CAPITAL	
CURRENT LIABILITIES:	
Accounts payable	$ 23,277
Accrued expenses	43,653
Current portion of long-term debt	577
Unearned revenue	9,242
Due to Real Estate Companies	27,074
Total current liabilities	103,823
LONG-TERM DEBT	6,360
DEFERRED RENT OBLIGATIONS TO REAL ESTATE COMPANIES	24,411
STRAIGHT-LINE RENT LIABILITY	6,762
OTHER LIABILITIES	4,111
Total liabilities	145,467
COMMITMENTS	
PARTNERS' CAPITAL:	
Partners' capital	48,723
Accumulated deficit	(27,680)
Accumulated other comprehensive loss - minimum pension charge	(830)
Less: capital contribution receivable	(4,000)
Total partners' capital	16,213
	$ 161,680

(Concluded)

See notes to consolidated financial statements.

VORNADO CRESCENT LOGISTICS OPERATING
PARTNERSHIP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2000 AND FOR THE PERIOD
FROM MARCH 11, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

	2000	1999
REVENUES	$ 676,158	$ 557,708
OPERATING EXPENSES:		
Cost of operations	478,809	399,615
Rent expense on leases with Real Estate Companies	170,640	135,811
General and administrative	35,933	26,542
Depreciation and amortization	7,803	4,789
Total operating expenses	693,185	566,757
OPERATING LOSS	(17,027)	(9,049)
OTHER INCOME (EXPENSE):		
Interest expense	(2,136)	(534)
Other income	727	339
NET LOSS	$ (18,436)	$ (9,244)

See notes to consolidated financial statements.

VORNADO CRESCENT LOGISTICS OPERATING PARTNERSHIP
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2000 AND FOR THE PERIOD FROM
MARCH 11, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

	PARTNERS' CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS - MINIMUM PENSION CHARGE	C
Capital contribution	$ 38,723	$ --	$ --	
Net loss	--	(9,244)	--	

BALANCE - December 31, 1999	38,723	(9,244)	--
Capital contribution	10,000	--	--
COMPREHENSIVE LOSS:			
Net loss	--	(18,436)	--
Adjustment for minimum pension liability	--	--	(830)
BALANCE - December 31, 2000	$ 48,723	$(27,680)	$ (830)

See notes to consolidated financial statements.

VORNADO CRESCENT LOGISTICS OPERATING
PARTNERSHIP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000 AND FOR THE PERIOD FROM
MARCH 11, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

	2000	1999
OPERATING ACTIVITIES:		
Net loss	$(18,436)	$ (9,244)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for bad debts	1,645	1,685
Depreciation and amortization	7,803	4,789
Straight lining of rent expense	3,673	3,089
Gain on settlement and curtailment of benefit plan	--	(1,363)
Changes in assets and liabilities, net of acquisitions:		
Restricted cash	2,151	--
Trade accounts receivable	(2,524)	239
Other assets	(9)	(6,420)
Accounts payable and accrued expenses	(8,081)	(1,493)
Due to Real Estate Companies	(2,158)	29,232
Deferred Rent Obligations	19,011	5,400
Other liabilities	(69)	(11)
Net cash provided by operating activities	3,006	25,903
INVESTING ACTIVITIES:		
Purchase of non-real estate assets	--	(38,723)
Additions to property, plant, and equipment	(12,302)	(9,666)

Net cash used in investing activities	(12,302)	(48,389)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	7,014	--
Repayment of long-term debt	(47)	--
Repayment of due to Real Estate Companies	(5,444)	(8,249)
Capital contributions	6,000	38,723
Net cash provided by financing activities	7,253	30,474
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,773)	7,988
CASH AND CASH EQUIVALENTS:		
Beginning of period	7,988	--
End of period	$ 6,215	$ 7,988

(Continued)

VORNADO CRESCENT LOGISTICS OPERATING PARTNERSHIP AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000 AND FOR THE PERIOD FROM MARCH 11, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

	2000	1999
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 753	$ 331
SUPPLEMENTAL INFORMATION ABOUT NONCASH ACTIVITIES:		
Liabilities assumed in connection with acquisition of non-real estate assets		$ 13,198
Initial working capital to be collected on behalf of Real Estate Companies		$ 21,200

(Concluded)

See notes to consolidated financial statements.

VORNADO CRESCENT LOGISTICS OPERATING
PARTNERSHIP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999 AND FOR THE YEAR ENDED
DECEMBER 31, 2000 AND FOR THE PERIOD FROM
MARCH 11, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999
(AMOUNTS IN THOUSANDS)

---

1. ORGANIZATION AND BUSINESS

Vornado Crescent Logistics Operating Partnership (the "Partnership") was formed on March 11, 1999. The Partnership holds its assets and conducts its business through its wholly owned subsidiary AmeriCold Logistics, LLC (collectively "AmeriCold Logistics"). At December 31, 2000, AmeriCold Logistics, headquartered in Atlanta, Georgia, has 6,700 employees and operates 99 temperature controlled warehouse facilities nationwide with an aggregate of approximately 518 million cubic feet of refrigerated, frozen, and dry storage space. Of the 99 warehouses, AmeriCold Logistics leases 88 temperature controlled warehouses with an aggregate of approximately 439 million cubic feet from the Vornado REIT/Crescent REIT Partnership, and manages 11 additional warehouses containing approximately 79 million cubic feet of space. AmeriCold Logistics provides the frozen food industry with refrigerated warehousing and transportation management services. Refrigerated warehouses are comprised of production and distribution facilities. Production facilities typically serve one or a small number of customers, generally food processors, located nearby. These customers store large quantities of processed or partially processed products in the facility until they are shipped to the next stage of production or distribution. Distribution facilities primarily warehouse a wide variety of customers' finished products until future shipment to end-users. Each distribution facility primarily services the surrounding regional market. AmeriCold Logistics' transportation management services include freight routing, dispatching, freight rate negotiation, backhaul coordination, freight bill auditing, network flow management, order consolidation, and distribution channel assessment. Additionally, AmeriCold Logistics mines limestone at two of its locations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements of the Partnership include the accounts of the Partnership and its subsidiary. The Partnership is owned 60% by Vornado Operating L.P. and 40% by COPI Cold Storage L.L.C. (an affiliate of Crescent Operating Inc.). The partnership agreement provides that net income and losses are allocated to each partner's account in relation to their ownership interests. Subject to certain provisions, the Partnership continues for a term through October 2027. Certain reclassifications to prior year amounts have been made to conform with the current year's presentation. Management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents consist of highly liquid investments purchased with original maturities of three months or less.

Restricted Cash - Cash restricted for uses related to payment of rent ($7,229 at December 31, 2000 and 1999) and settlement of certain self-insured liabilities ($7,507 and $9,658 at December 31, 2000 and 1999, respectively) are classified as restricted cash.

Property, Plant, and Equipment - Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the respective assets. Depreciation and amortization begin the month in which the asset is placed into service.

Properties are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the property may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of each such property into the foreseeable future on an undiscounted basis to the carrying amount of such property. Such carrying amount would be adjusted, if necessary, to estimated fair value to reflect an impairment in the value of the asset.

Revenue Recognition - Revenues include storage, transportation and handling fees, and management fees for locations managed on behalf of third parties. Storage revenues are recognized as services are provided. Transportation fees and expenses are recognized upon tender of product to common carriers, which is not materially different than if such revenues and expenses were recognized upon delivery. Management fees are recognized when the Company is contractually entitled to such fees. Costs related to managed facilities are included in operating expenses. AmeriCold Logistics charges customers for both inbound and outbound handling in advance but defers the outbound handling revenue until the product has been shipped. Revenues from the sale of limestone are recognized upon delivery to customers.

Income Taxes - AmeriCold Logistics has elected to be treated as a partnership for income tax purposes. Taxable income or loss of AmeriCold Logistics is reported in the income tax returns of the partners. Accordingly, no provision for income taxes is made in the financial statements of AmeriCold Logistics.

Fair Value of Financial Instruments - All financial instruments of the Company are reflected in the accompanying consolidated balance sheets at historical cost which, in management's estimation, based upon an interpretation of available market information and valuation methodologies, reasonably approximates their fair values. Such fair values are not necessarily indicative of the amounts that would be realized upon disposition of the Company's financial instruments.

Recently Issued Accounting Standards - In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS No. 133") which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Company is required to adopt SFAS No. 133, as amended by SFAS No. 138, effective January 1, 2001. Because the Company does not currently utilize derivatives or engage in hedging activities, management does not anticipate that implementation of this statement will have a material effect on the Company's financial statements.

3. ACQUISITION

In March 1999, AmeriCold Logistics purchased all of the non-real estate assets of a group of companies owned by Vornado Realty Trust and subsidiaries of Crescent Real Estate Equities Company and Crescent Operating, Inc. (the "Real Estate Companies").

The purchase price of the non-real estate assets was $48.7 million including the assumption of approximately $10 million of liabilities in connection with the closure of one of the warehouse facilities. In addition, the Company acquired capitalized leased assets and assumed $3.2 million of capitalized lease obligations as a result of the purchase.

The purchase method of accounting was applied to this acquisition. Approximate fair values assigned to assets and liabilities acquired were as follows:

(amounts in thousands)	
Property, plant, and equipment	$ 43,421
Other assets	8,500

	51,921
Other liabilities	(13,198)

	$ 38,723
	========

Results of operations are presented from the date of acquisition in 1999.

4. ACCRUED EXPENSES

Detail of accrued expenses as of December 31, 2000 and 1999 is as follows:

(amounts in thousands)	2000	1999
Accrued payroll and related expense	$ 9,854	$ 8,855
Accrued employee retirement and other benefits	7,636	8,521
Accrued workers' compensation	8,443	7,961
Other accrued expenses	17,720	19,233
	-------	-------
	$43,653	$44,570
	=======	=======

5. LONG-TERM DEBT

(amounts in thousands)	
Promissory Notes, due March 2002	$ 5,000
Promissory Note, payable in equal monthly	

installments through January 2003	1,937
	6,937
Less: current maturities	(577)
	$ 6,360

The promissory notes are due in March 2002. At the Company's option, these loans may be repaid at any time. Until the notes are paid, monthly interest-only payments are due at the annual rate of 12%. The notes are secured by certain property with a net book value of approximately $18,400,000.

The promissory note payable in equal monthly installments may be repaid prior to its maturity, subject to certain prepayment penalties. This loan bears interest at the rate of 10.72% per annum. The note is secured by certain equipment with a net book value of approximately $1,967,000.

6. TRANSACTIONS WITH REAL ESTATE COMPANIES AND OWNERS

During 2000 and 1999, AmeriCold Logistics received a management fee of $255,000 and $201,000, respectively, from the Real Estate Companies for administrative services performed.

During 2000 and 1999, AmeriCold Logistics paid a management fee of $487,000 to Vornado Realty L.P.

At December 31, 2000 and 1999, $1,061,000 and $952,000, respectively, were receivable from the Partnership's owners for expenditures made on their behalf for a new business venture. Such amounts have been included in other assets.

7. LEASE COMMITMENTS (SEE ALSO LEASE RESTRUCTURING DISCUSSION - NOTE 9)

AmeriCold Logistics entered into leases with the Real Estate Companies covering the warehouses used in this business. The leases, as amended in 2000, which commenced in March 1999, generally have a 15-year term with two five-year renewal options and provide for the payment of fixed base rent and percentage rent based on revenues AmeriCold Logistics receives from its customers. Fixed base rent is approximately $137 million per annum through 2003, $139 million per annum from 2004 through 2008, and $141 million per annum from 2009 through 2014. Percentage rent for each lease is based on a specified percentage of revenues in excess of a specified base amount. The aggregate base revenue amount under five of the six leases is approximately $350 million, and the weighted-average percentage rate is approximately 36% for the initial five-year period, approximately 38% for the period from 2004 through 2008, and approximately 40% for the period from 2009 through February 28, 2014. The aggregate base revenue amount under the sixth lease is approximately $32,000,000 through 2001, and approximately $26,000,000 for the period from 2002 through February 28, 2014, and the percentage rate is 24% through 2001, 37.5% for the period from 2002 through 2006, 40% from 2007 through 2011, and 41% from 2012 through February 28, 2014.

The fixed base rent for each of the two five-year renewal options is equal, generally, to the greater of the then fair market value rent or the fixed base rent for the immediately preceding lease year plus 5%.

AmeriCold Logistics has the right to defer the payment of 15% of fixed base rent and all percentage rent for up to three years beginning in March 1999 to the extent that available cash, as defined in the leases, is insufficient to pay such rent. Pursuant to the agreement, AmeriCold Logistics exercised its deferral rights and deferred approximately $19.0 million and $5.4 million in 2000 and 1999, respectively, in fixed and percentage rent.

AmeriCold Logistics is also required to pay for all costs arising from the operation, maintenance and repair of the properties, including all real estate taxes and assessments, utility charges, permit fees, and insurance premiums, as well as property capital expenditures in excess of $5,000,000 annually.

AmeriCold Logistics also has operating lease agreements for equipment and other facilities. AmeriCold Logistics pays taxes, insurance, and maintenance costs on substantially all of the leased property. Lease terms generally range from 5 to 20 years with renewal or purchase options.

At December 31, 2000, future minimum fixed lease payments under these leases with the Real Estate Companies and future minimum lease payments under operating leases other than leases with the Real Estate Companies were as follows:

(amounts in thousands)

YEAR ENDED DECEMBER 31,	REAL ESTATE COMPANIES	OTHER LESSORS	TOTAL
2001	$ 137,201	$ 8,068	$ 145,269
2002	137,340	7,001	144,341
2003	137,327	5,175	142,502
2004	139,729	3,921	143,650
2005	138,920	3,538	142,458
Thereafter	1,157,752	4,026	1,161,778
	$1,848,269	$ 31,729	$1,879,998

Rent expense under all lease obligations for 2000 was $139,723,000 for fixed rent and $30,917,000 for percentage rent. Rent expense under all lease obligations for 1999 was $109,031,000 for fixed rent and $26,780,000 for percentage rent.

8. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plans - AmeriCold Logistics has defined benefit pension plans that cover substantially all employees, other than union employees covered by union pension plans under collective bargaining agreements. Benefits under AmeriCold Logistics' plans are based on years of credited service and compensation during the years preceding retirement, or on years of credited service and established monthly benefit levels.

Postretirement Benefits Other Than Pensions - During 1999, AmeriCold Logistics settled and curtailed postretirement healthcare and life insurance benefits for a substantial portion of its employees. As a result, AmeriCold Logistics recorded a gain of approximately $1,363,000.

Actuarial information regarding the defined benefit pension plans and postretirement benefits other than pensions as of December 31, 2000 and 1999 is as follows:

	2000	
	PENSION BENEFITS	
(amounts in thousands)	RETIREMENT INCOME PLAN	NATIONAL SERVICE RELATED PLAN
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$ 33,710	$ 9,351
Service cost	1,641	211
Interest cost	2,518	707
Actuarial (gain) loss	2,826	(1,168)
Settlements	--	--
Benefits paid	(5,271)	(468)
Benefit obligation at end of year	$ 35,424	$ 8,633
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$ 28,774	$ 9,635
Actual return on plan assets	1,475	(38)
Employer contributions	1,240	248
Benefits paid	(5,271)	(468)
Fair value of plan assets at end of year	$ 26,218	$ 9,377
Funded status	$ (9,205)	$ 743
Unrecognized actuarial (gain) loss	2,805	1,283
Unrecognized prior service cost	1,264	152
Minimum liability adjustment	(2,091)	--
(Accrued) prepaid benefit cost	$ (7,227)	$ 2,178
Amounts recognized in the consolidated balance sheet consist of:		
Accrued benefit liability	$ (7,227)	$ --
Prepaid asset	--	2,178
Intangible asset	1,261	--
Accumulated other comprehensive loss	830	--
Net amount recognized	$ (5,136)	$ 2,178

Weighted-average assumptions as of December 31, 2000:		
Discount rate	7.75%	7.75%
Expected return	9.50%	9.50%
Rate of compensation increase	4.00%	N/A

	1999	
	PENSION BENEFITS	
(amounts in thousands)	RETIREMENT INCOME PLAN	NATIONAL SERVICE RELATED PLAN
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of period	$ 33,052	$ 11,653
Service cost	1,297	254
Interest cost	2,461	576
Actuarial (gain) loss	(3,903)	404
Curtailments	--	--
Settlements	--	--
Plan transfers	2,930	(2,930)
Plan amendments	--	--
Benefits paid	(2,127)	(606)
Benefit obligation at end of period	$ 33,710	$ 9,351
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of period	$ 25,693	$ 10,058
Actual return on plan assets	3,364	1,060
Employer contributions	--	967
Plan transfers	1,844	(1,844)
Benefits paid	(2,127)	(606)
Fair value of plan assets at end of period	$ 28,774	$ 9,635
Funded status	$ (4,936)	285
Unrecognized actuarial (gain) loss	(1,809)	1,409
Unrecognized prior service cost	1,338	157
(Accrued) prepaid benefit cost	$ (5,407)	$ 1,851
Amounts recognized in the consolidated balance sheet consist of:		
Accrued benefit liability	$ (5,407)	$ --
Prepaid asset	--	1,851
Net amount recognized	$ (5,407)	$ 1,851
Weighted-average assumptions as of December 31, 1999:		
Discount rate	7.75%	7.75%

Expected return	9.50%	9.50%
Rate of compensation increase	4.00%	N/A

(amounts in thousands)	2000 PENSION BENEFITS RETIREMENT INCOME PLAN	NATIONAL SERVICE RELATED PLAN	OTHER POSTRETIREMENT BENEFITS
COMPONENTS OF NET PERIODIC BENEFIT COST:			
Service cost	$ 1,641	$ 211	$ 45
Interest cost	2,518	707	106
Expected return on plan assets	(3,153)	(1,094)	--
Recognized net actuarial loss (gain)	(119)	90	--
Amortization of prior service cost	80	6	(65)
	$ 967	$ (80)	$ 86

(amounts in thousands)	1999 PENSION BENEFITS RETIREMENT INCOME PLAN	NATIONAL SERVICE RELATED PLAN	OTHER POSTRETIREMENT BENEFITS
COMPONENTS OF NET PERIODIC BENEFIT COST:			
Service cost	$ 1,297	$ 254	$ 147
Interest cost	2,461	576	346
Expected return on plan assets	(2,531)	(820)	--
Recognized net actuarial loss	338	18	67
Amortization of prior service cost	104	5	(56)
	$ 1,669	$ 33	$ 504

The medical plan for retirees provides a fixed dollar benefit for each year that the retiree is receiving benefits. All increases in medical costs are paid by the retiree, thus, there is no assumed health care cost trend.

Profit Sharing - AmeriCold Logistics has defined contribution employee benefit plans which cover all eligible employees. The plans also allow contributions by plan participants in accordance with Section 401(k) of the Internal Revenue

Code. Profit sharing expense for 2000 and 1999 was approximately $3,084,000 and $4,060,000, respectively.

Deferred Compensation - AmeriCold Logistics has deferred compensation and supplemental retirement plan agreements with certain of its executives. The agreements provide for certain benefits at retirement or disability, and also provide for survivor benefits in the event of death of the employee. AmeriCold Logistics charges expense for the accretion of the liability each year.

The net expense for all deferred compensation and supplemental retirement plans for 2000 and 1999 was approximately $123,000 and $164,000, respectively.

9. SUBSEQUENT EVENT

On February 22, 2001 the leases with the Real Estate Companies were restructured to, among other things, (i) reduce 2001's contractual rent to $146,000,000 ($14,500,000 less than 2000's contractual rent), (ii) reduce 2002's contractual rent to $150,000,000 (plus contingent rent in certain circumstances, (iii) increase the Real Estate Companies' share of annual maintenance capital expenditures by $4,500,000 to $9,500,000 effective January 1, 2000, and (iv) extend the deferred rent period to December 31, 2003 from March 11, 2002.

EXHIBIT INDEX

EXHIBIT NO.		PAG
	The following is a list of all exhibits filed as part of this report	
2.1	Assignment Agreement, dated as of December 31, 1998, between Vornado Realty Trust, as assignor, and Vornado Operating Company, assignee (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, dated December 31, 1998 (File No. 001-14525), as filed with the Commission on January 15, 1999)	*
2.2	Put Agreement, dated as of December 31, 1998, between Vornado Realty Trust, as grantor, and Vornado Operating Company, as grantee (incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K, dated December 31, 1998 (File No. 001 -14525), as filed with the Commission on January 15, 1999)	*
2.3	Asset Purchase Agreement dated as of February 26, 1999, between AmeriCold Logistics, LLC, as Purchaser, and AmeriCold Corporation, as Seller (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on March 31, 1999)	*
2.4	Asset Purchase Agreement, dated as of March 9, 1999, between Vornado Crescent Logistics Operating Partnership, as Purchaser, and URS Logistics, Inc., as Seller (incorporated by reference to Exhibit 2.2 of the Company's Current Report on form 8-K, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on March 31, 1999)	*
2.5	Asset Purchase Agreement, dated as of March 9, 1999, between AmeriCold Logistics, LLC, as Purchaser, and VC Omaha Holdings, L.L.C., as Seller (incorporated by reference to Exhibit 2.3 of the Company's Current	*

	Report on Form 8-K, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on March 31, 1999)	
2.6	Asset Purchase Agreement, dated as of March 9, 1999, between AmeriCold Logistics II, LLC, as Purchaser, and VC Missouri Holdings, L.L.C., as Seller (incorporated by reference to Exhibit 2.4 of the Company's Current Report on Form 8-K, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on March 31, 1999)	*
3.1	Restated Certificate of Incorporation of Vornado Operating Company (incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-11 (File No. 333-40701), as filed with the Commission on September 28, 1998)	*

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* Incorporated by reference.

EXHIBIT NO.		PAG
3.2	Amended and Restated Bylaws of Vornado Operating Company (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2000 (File No. 001-14525), as filed with the Commission on May 9, 2000)	*
4.1	Specimen stock certificate (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-11 (File No. 333-40701), as filed with the Commission on January 23, 1998)	*
10.1	Intercompany Agreement, dated as of October 16, 1998, between Vornado Operating Company and Vornado Realty Trust (incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 001-14525))	*
10.2	Credit Agreement dated as of January 1, 1999, between Vornado Operating Company and Vornado Realty L.P., together with related form of Line of Credit Note (incorporated by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 001-14525))	*
10.3	1998 Omnibus Stock Plan of Vornado Operating Company (incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 001 -14525))	*
10.4	Agreement of Limited Partnership of Vornado Operating L.P. (incorporated by reference to Exhibit 10.4 of the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 001-14525))	*
10.5	Agreement, dated March 11, 1999, between Vornado Operating L.P. and COPI Temperature Controlled Logistics L.L.C. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on March 31, 1999)	*

10.6	Master Lease Agreement, dated as of April 22, 1998, between URS Real Estate, L.P., as Landlord, and URS Logistics, Inc., as Tenant (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*
10.7	First Amendment to Master Lease Agreement, dated as of March 10, 1999, between URS Real Estate, L.P. and URS Logistics, Inc. (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*

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* Incorporated by reference.

EXHIBIT NO.		PAG
10.8	Assignment and Assumption of Master Lease, dated as of March 11, 1999, between URS Logistics, Inc. and AmeriCold Logistics II, LLC (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*
10.9	Master Lease Agreement, dated as of April 22, 1998, between AmeriCold Real Estate, L.P., as Landlord and AmeriCold Corporation, as Tenant (incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*
10.10	First Amendment to Master Lease Agreement, dated as of March 10, 1999, between AmeriCold Real Estate, L.P. and AmeriCold Logistics, LLC (incorporated by reference to Exhibit 10.6 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*
10.11	Assignment and Assumption of Master Lease, dated as of February 28, 1999, between AmeriCold Corporation and AmeriCold Logistics, LLC (incorporated by reference to Exhibit 10.7 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*
10.12	Master Lease Agreement, dated as of March 11, 1999, between URS Logistics, Inc., as landlord, and AmeriCold Logistics II, LLC, as Tenant (incorporated by reference to Exhibit 10.8 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*
10.13	Master Lease Agreement, dated as of February 28, 1999, between AmeriCold Corporation, as Landlord, and AmeriCold Logistics, LLC, as Tenant (incorporated by reference to Exhibit 10.9 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*
10.14	Master Lease Agreement, dated as of March 11, 1999, between each of the	*

	entities listed on Exhibit A thereto, collectively as Landlord, and AmeriCold Logistics, LLC, as Tenant (incorporated by reference to Exhibit 10.10 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	
10.14(A)	Amendment to Master Lease Agreement, dated as of March 22, 2000, among each of the entities identified on Exhibit A thereto, collectively as Landlord, and AmeriCold Logistics LLC, as Tenant (incorporated by reference to Exhibit 10.14(A) of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2000 (File No. 001-14525), as filed with the Commission on May 9, 2000).	*

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EXHIBIT NO.		PAG
10.15	Master Lease Agreement, dated as of March 11, 1999, between VC Omaha Holdings, L.L.C. and Carmar Freezers Thomasville L.L.C., together a Landlord, and AmeriCold Logistics, LLC, as Tenant (incorporated by reference to Exhibit 10.11 of the Company's Current Report on Form 8-K/A, dated March 12, 1999 (File No. 001-14525), as filed with the Commission on May 26, 1999).	*
10.16	Employment Agreement between Vornado Operating Company and Emanuel Pearlman, dated May 19, 2000 (incorporated by reference to Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000 (File No. 001-14525) as filed with the Commission on August 7, 2000).	*
10.17	Amended and Restated Limited Liability Company Agreement of Transportal Network, LLC, a Delaware Limited Liability Company (incorporated by reference to Exhibit 10.17 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000 File No. 001-14525), as filed with the Commission on August 7, 2000).	*
21	Subsidiaries of Vornado Operating Company	

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* Incorporated by reference.