

CAPITAL TRUST INC
Form DEF 14A
April 29, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

CAPITAL TRUST, INC.

(Name of Registrant as Specified in its Charter)

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

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CAPITAL TRUST, INC.

345 Park Avenue, 10th Floor

New York, New York 10154

April 29, 2013

Dear Stockholders:

You are cordially invited to attend the 2013 annual meeting of stockholders of Capital Trust, Inc., a Maryland corporation, which will be held at 10:00 a.m., Eastern Daylight Time, on Thursday, June 27, 2013, at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017. At the annual meeting, stockholders will be asked to:

elect eight directors listed herein;

ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2013;

approve the Capital Trust, Inc. 2013 Stock Incentive Plan;

approve the Capital Trust, Inc. 2013 Manager Incentive Plan;

consider a non-binding vote on executive compensation;

consider a non-binding vote on the frequency of future votes on executive compensation; and

consider such other business as may properly come before the annual meeting and any adjournments or postponements thereof; all as described in the attached notice of annual meeting of stockholders and proxy statement.

On April 26, 2013, we announced that our board of directors had approved a reverse stock split of our class A common stock at a ratio of one-for-ten. In addition, we announced that we expect to change our name to Blackstone Mortgage Trust, Inc. and our stock ticker symbol to BXMT concurrently with the consummation of the reverse stock split. The reverse stock split and name and ticker symbol changes are expected to take effect at about 5:01 p.m. (EDT) on May 6, 2013. The rebranding of the company with the Blackstone name reflects its significant involvement in the day-to-day affairs of our company through the services provided by BREDS/CT Advisors L.L.C., an affiliate of The Blackstone Group L.P., as our manager.

This year, we will be using the Notice and Access method of providing proxy materials to you via the Internet. We believe that this process will provide you with a convenient and quick way to access the proxy materials, including our proxy statement and 2012 annual report to stockholders, and authorize a proxy to vote your shares, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials.

On or about May 10, 2013, we will mail to our stockholders a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice and Access card, containing instructions on how to access our proxy statement and our 2012 annual report to stockholders and authorize a proxy to vote electronically via the Internet or by telephone. The Notice and Access card also contains instructions as to how you can receive a paper copy of our proxy materials and authorize a proxy to vote by mail.

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It is important that your shares be represented at the annual meeting and voted in accordance with your wishes. Whether or not you plan to attend the meeting, we urge you to complete a proxy as promptly as possible by Internet, telephone or mail so that your shares will be voted at the annual meeting. This will not limit your right to vote in person or to attend the meeting.

Sincerely,

/s/ Stephen D. Plavin
Stephen D. Plavin

Chief Executive Officer, President and Director

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CAPITAL TRUST, INC.

345 Park Avenue, 10th Floor

New York, New York 10154

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

To our Stockholders:

We hereby notify you that Capital Trust Inc. (the Company, we, us or our) is holding its 2013 annual meeting of stockholders at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017, on Thursday, June 27, 2013, at 10:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect eight directors listed herein;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2013;
3. To approve the Capital Trust, Inc. 2013 Stock Incentive Plan;
4. To approve the Capital Trust, Inc. 2013 Manager Incentive Plan;
5. To consider a non-binding vote on executive compensation;
6. To consider a non-binding vote on the frequency of future votes on executive compensation; and
7. To consider such other business as may properly come before the annual meeting and any adjournments or postponements thereof. You can vote your shares of class A common stock if the Company's records show that you were a stockholder as of the close of business on April 29, 2013, the record date for the annual meeting.

Stockholders, whether or not they expect to be present at the meeting, are requested to authorize a proxy to vote their shares electronically via the Internet or by telephone or by completing and returning the proxy card if you requested paper copies of the Company's proxy materials. Voting instructions are provided in the Notice of Internet Availability of Proxy Materials, or, if you requested paper copies, the instructions are printed on your proxy card and included in the accompanying proxy statement. Any person giving a proxy has the power to revoke it at any time prior to the meeting and stockholders who are present at the meeting may withdraw their proxies and vote in person.

By Order of the Board of Directors,

/s/ Randall S. Rothschild
Randall S. Rothschild

Secretary

April 29, 2013

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CAPITAL TRUST, INC.

345 Park Avenue, 10th Floor

New York, New York 10154

PROXY STATEMENT FOR

2013 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 27, 2013

This proxy statement is being furnished by and on behalf of the board of directors of Capital Trust, Inc., the Company or Capital Trust, in connection with the solicitation of proxies to be voted at the 2013 annual meeting of stockholders. We are furnishing the proxy materials for the 2013 annual meeting electronically using the Internet through the mailing to our stockholders of a Notice of Internet Availability of Proxy Materials. The Notice and Internet Availability of Proxy Materials furnishing this proxy statement and the enclosed proxy card and our 2012 annual report to stockholders will be first mailed to stockholders of record on or about May 10, 2013.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

In this section of the proxy statement, we answer some common questions regarding our 2013 annual meeting of stockholders and the voting of shares at the meeting.

Where and when will the annual meeting be held?

The meeting will be held at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017 at 10:00 a.m., Eastern Daylight Time, on Thursday, June 27, 2013.

Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a paper copy of proxy materials?

The United States Securities and Exchange Commission, or the SEC, has approved Notice and Access rules relating to the delivery of proxy materials over the Internet. These rules permit us to furnish proxy materials, including this proxy statement and our annual report, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. Most stockholders will not receive paper copies of the proxy materials unless they request them. Instead, the Notice of Internet Availability of Proxy Materials, which we refer to as the Notice and Access card, which has been mailed to our stockholders, provides instructions regarding how you may access and review all of the proxy materials on the Internet. The Notice and Access card also instructs you as to how you may authorize your proxy via the Internet or by telephone. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials printed on the Notice and Access card.

Can I vote my shares by filling out and returning the Notice and Access card?

No. The Notice and Access card identifies the items to be voted on at the annual meeting, but you cannot vote by marking the Notice and Access card and returning it. The Notice and Access card provides instructions on how to authorize your proxy via the Internet or by telephone or vote in person at the meeting or to request a paper proxy card, which will contain instructions for authorizing a proxy by the Internet, by telephone or by returning a signed paper proxy card.

Why did you send me the Notice and Access card?

We sent you the Notice and Access card regarding this proxy statement because our board of directors is asking for your proxy to vote your shares at the annual meeting. We have summarized information in this proxy statement that you should consider in deciding how to vote at the annual meeting. You don't have to attend the

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annual meeting in order to vote your shares. Instead, you may simply authorize a proxy to vote your shares electronically via the Internet or by telephone or by completing and returning the proxy card if you requested a paper copy of our proxy materials. Voting instructions are provided on the Notice and Access card, or, if you requested a paper copy of our proxy materials, the instructions are printed on your proxy card and included in this proxy statement.

What am I voting on?

There are six proposals scheduled to be considered and voted on at the meeting:

Proposal 1: Election of eight directors listed herein;

Proposal 2: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2013;

Proposal 3: Approval of the Capital Trust, Inc. 2013 Stock Incentive Plan;

Proposal 4: Approval of the Capital Trust, Inc. 2013 Manager Incentive Plan;

Proposal 5: Non-binding vote on executive compensation; and

Proposal 6: Non-binding vote on the frequency of future votes on executive compensation.

Who can vote?

You can vote your shares of class A common stock if our records show that you were the owner of the shares as of the close of business on April 29, 2013, the record date determining the stockholders who are entitled to vote at the annual meeting. As of April 29, 2013, there were a total of 29,266,514 shares of our class A common stock outstanding and entitled to vote at the annual meeting. You have one vote for each share of class A common stock that you own.

What constitutes a quorum?

We will convene the annual meeting if stockholders representing the required quorum of shares of class A common stock entitled to vote either sign and return their paper proxy cards, authorize a proxy to vote electronically or telephonically or attend the meeting. The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter will constitute a quorum. If you sign and return your paper proxy card or authorize a proxy to vote electronically or telephonically, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote as indicated in the proxy materials. Broker non-votes and abstentions will also be considered present for the purpose of determining whether we have a quorum.

What is the required vote for approval of each proposal?

Proposal 1: Election of eight directors listed herein: A plurality of all the votes cast on such election at the annual meeting is required for the election of each nominee for director. Plurality voting simply means that the number of candidates getting the highest number of affirmative votes cast at the annual meeting will be elected. A withhold vote in the election of directors will have the same effect as an abstention. Neither abstentions nor broker non-votes will affect the outcome of this proposal.

Proposal 2: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2013: A majority of the votes cast on the proposal at the annual meeting is required for the auditor ratification proposal. Neither abstentions nor broker non-votes will affect the outcome of this proposal.

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Proposal 3: Approval of the Capital Trust, Inc. 2013 Stock Incentive Plan: The affirmative vote of a majority of the votes cast on the proposal at the annual meeting, provided that the total votes cast on the proposal represents over 50% in interest of the shares of class A common stock entitled to vote on the proposal. Abstentions are considered votes cast under current New York Stock Exchange, or NYSE, rules and therefore will have the same effect as a vote against the proposal, and will be counted in determining whether a majority of the outstanding shares of common stock are voted on the proposal. Broker non-votes will not count as votes cast and will have no effect on the outcome of the proposal, assuming a majority of the outstanding shares of common stock are otherwise voted on the proposal.

Proposal 4: Approval of the Capital Trust, Inc. 2013 Manager Incentive Plan: The affirmative vote of a majority of the votes cast on the proposal at the annual meeting, provided that the total votes cast on the proposal represents over 50% in interest of the shares of class A common stock entitled to vote on the proposal. Abstentions are considered votes cast under current NYSE, rules and therefore will have the same effect as a vote against the proposal, and will be counted in determining whether a majority of the outstanding shares of common stock are voted on the proposal. Broker non-votes will not count as votes cast and will have no effect on the outcome of the proposal, assuming a majority of the outstanding shares of common stock are otherwise voted on the proposal.

Proposal 5: Non-binding vote on executive compensation: A majority of the votes cast on the proposal at the annual meeting is required to approve the non-binding vote on executive compensation. Neither abstentions nor broker non-votes will affect the outcome of this proposal.

Proposal 6: Non-binding vote on the frequency of future votes on executive compensation: A majority of the votes cast on the proposal at the annual meeting is required to approve the non-binding vote on the frequency of future votes on executive compensation. Neither abstentions nor broker non-votes will affect the outcome of this proposal.

What is a broker non-vote ?

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Your shares may be voted on Proposal 2 if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under the NYSE rules to cast votes on certain routine matters if they do not receive instructions from their customers. The ratification of the appointment of Deloitte & Touche LLP as our independent auditors is considered a routine matter for which brokerage firms may vote shares for which they did not receive instructions from beneficial owners.

How do I authorize a proxy to vote my shares?

Follow the instructions on the Notice and Access card to authorize a proxy to vote your shares electronically via the Internet or by telephone. If you requested a paper copy of our proxy materials, follow the instructions printed on the paper proxy card to authorize a proxy to vote via the Internet, by telephone or by completing and returning the paper proxy card. The individuals named and designated as proxies will vote your shares as you instruct. You have the following choices in voting electronically, by telephone or by paper proxy card:

You may authorize a proxy to vote your shares on each proposal, in which case your shares will be voted in accordance with your choices.

In voting on directors, you can either authorize a proxy to vote FOR each director nominee or withhold your vote on all or certain director nominees specified by you.

You may authorize a proxy to vote FOR, against or abstain on the proposal to ratify the appointment of Deloitte & Touche LLP as our independent auditors.

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You may authorize a proxy to vote FOR , against or abstain on the proposal to approve and adopt the Capital Trust, Inc. 2013 Stock Incentive Plan.

You may authorize a proxy to vote FOR , against or abstain on the proposal to approve and adopt the Capital Trust, Inc. 2013 Manager Incentive Plan.

You may authorize a proxy to vote FOR , against or abstain regarding the non-binding vote on executive compensation.

You may authorize a proxy to vote for every three years, two years, ONE YEAR or abstain regarding the non-binding vote on the frequency of future votes on executive compensation.

You may submit a signed proxy without indicating your vote on any matter, in which case the designated proxies will vote to elect all eight nominees as directors, approve the ratification of the appointment of Deloitte & Touche LLP, approve the adoption of the Capital Trust, Inc. 2013 Stock Incentive Plan, approve the adoption of the Capital Trust, Inc. 2013 Manager Incentive Plan, approve the non-binding vote on executive compensation and approve the non-binding vote on a one year frequency of future votes on executive compensation.

How can I authorize a proxy to vote by telephone or over the Internet?

To authorize a proxy to vote electronically via the Internet, go to the www.proxyvote.com website and follow the instructions. Please have your Notice and Access card in hand when accessing the website, as it contains a 12-digit control number required to vote.

If you have access to a touch-tone telephone, you may authorize your proxy by dialing (800) 690-6903 and by following the recorded instructions. You will need the 12-digit number included on your Notice and Access card or your proxy card in order to vote by telephone.

If you requested a paper copy of our proxy materials, in order to authorize a proxy to vote by telephone or over the Internet, you must either call the toll-free number reflected on the paper proxy card or go to the www.proxyvote.com website and follow the instructions. Please have your paper proxy card in hand when calling the toll-free number or accessing the website, as it contains a 12-digit control number required to vote.

You can authorize a proxy to vote by telephone or via the Internet at any time prior to 11:59 p.m. New York City time, June 26, 2013, the day before the annual meeting.

What do I do if my shares are held in street name ?

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. The Notice of Internet Availability of Proxy Materials, or proxy materials, if you elected to receive a hard copy, have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by following their instructions for voting.

What if other matters come up at the annual meeting?

At the date this proxy statement went to press, we did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement. If other matters are properly presented at the meeting for consideration, and you are a stockholder of record and have submitted a proxy card, the persons named in your proxy card will have the discretion to vote on those matters for you.

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Can I change my vote after I submit my proxy?

Yes. At any time before the vote on a proposal, you can change your vote either by executing or authorizing, dating and delivering to us a new proxy with a later date prior to the annual meeting, voting again via the Internet or by telephone at a later time prior to the annual meeting, by giving us a written notice revoking your proxy card or by attending the annual meeting, revoking your proxy and voting your shares in person. Your attendance at the annual meeting will not, by itself, revoke a proxy previously given by you. We will honor the proxy card or authorization with the latest date.

Proxy revocation notices should be sent to Capital Trust, Inc., 345 Park Avenue, 10th Floor, New York, New York 10154, Attention: Secretary, and new paper proxy cards should be sent to Vote Processing c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717.

Can I vote in person at the annual meeting rather than by authorizing a proxy?

To ensure that your vote is counted, we encourage you to complete and return a paper proxy card or authorize a proxy to vote telephonically or electronically via the Internet. You can attend the annual meeting and vote your shares in person even if you have submitted a paper proxy card or authorized a proxy electronically or telephonically.

Who will count the votes?

Representatives of Broadridge Financial Solutions, Inc. will count the votes and will serve as the independent inspector of election.

Who pays for this proxy solicitation?

We do. In addition to sending you these proxy materials, some of the employees of an affiliate of BREDS/CT Advisors L.L.C., a Delaware limited liability company, our Manager, may contact you by telephone, by mail or in person. None of these employees will receive any extra compensation for doing this. We have engaged Mackenzie Partners, Inc., an outside proxy solicitation firm, to solicit votes and the cost to us of engaging such a firm is estimated to be \$7,500 plus reasonable out-of-pocket expenses.

Reverse stock split and corporate name change

On April 26, 2013, we announced that our board of directors had approved a reverse stock split of our class A common stock at a ratio of one-for-ten. In addition, we announced that we expect to change our name to Blackstone Mortgage Trust, Inc. and our stock ticker symbol to BXMT concurrently with the consummation of the reverse stock split. The reverse stock split and name and ticker symbol changes are expected to take effect at about 5:01 p.m. (EDT) on May 6, 2013. The class A common stock numbers in this proxy statement have not been adjusted to give effect to the one-for-ten reverse stock split.

As a result of the reverse stock split, the number of outstanding shares of class A common stock will be reduced to approximately 2,926,651. The reverse stock split will apply to all of our outstanding class A common stock and therefore will not affect any stockholder's relative ownership percentage.

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The number of directors that comprise our entire board of directors has been fixed at eight. Upon the recommendation of the corporate governance committee, eight nominees will be proposed for election as directors at the annual meeting to hold office until our next annual meeting of stockholders and until their successors are duly elected and qualify. All eight nominees currently serve on our board of directors.

All of the nominees are willing to serve as directors but, if any of them should decline or be unable to act as a director, the individuals designated in the proxy cards as proxies will exercise the discretionary authority provided to vote for the election of such substitute nominee selected by our board of directors, unless the board alternatively acts to reduce the size of the board or maintain a vacancy on the board in accordance with our bylaws. The board of directors has no reason to believe that any such nominees will be unable or unwilling to serve.

Nominees for Election as Directors

The names, ages as of April 29, 2013, and existing positions with us of the nominees, if any, are as follows:

Name	Age	Office or Position Held
Michael B. Nash	52	Executive Chairman of the Board of Directors
Stephen D. Plavin	53	Chief Executive Officer, President and Director
Thomas E. Dobrowski	69	Director
Martin L. Edelman	71	Director
Henry N. Nassau	58	Director
Joshua A. Polan	65	Director
Lynne B. Sagalyn	65	Director
John G. Schreiber	66	Director

The name, principal occupation for the last five years, selected biographical information and the period of service as our director of each of the nominees are set forth below.

Michael B. Nash has been a director since 2012. Mr. Nash is a senior managing director of The Blackstone Group L.P., or Blackstone, and the chief investment officer of Blackstone Real Estate Debt Strategies. He is also a member of the Real Estate Investment Committee for both Blackstone Real Estate Debt Strategies and Blackstone Real Estate Advisors. Before joining Blackstone in 2007, Mr. Nash was with Merrill Lynch from 1997 to 2007 where he led the firm's Real Estate Principal Investment Group Americas. Mr. Nash graduated from State University of New York at Albany and received an M.B.A. from the Stern School of Business at New York University. Mr. Nash's extensive experience with, and strong record of success in investing in, real estate-related assets provides our board of directors with valuable insights into developments in our industry.

Stephen D. Plavin has served as one of our directors and has served as our president and chief executive officer since December 2009. Mr. Plavin is also a senior managing director of Blackstone. Mr. Plavin is also a senior managing director of Blackstone Real Estate Debt Strategies. Mr. Plavin is a member of the Real Estate Investment Committee for both Blackstone Real Estate Debt Strategies and Blackstone Real Estate Advisors. Before joining Blackstone, Mr. Plavin was also the chief executive officer of CT Investment Management Co., LLC, or CTIMCO, a commercial real estate investment manager and rated special servicer that was wholly owned by Capital Trust and acquired by Blackstone in December 2012. Prior to joining Capital Trust in 1998, Mr. Plavin was co-head of Global Real Estate for The Chase Manhattan Bank and Chase Securities Inc. During his tenure at Chase, from 1984 to 1998, Mr. Plavin also led business units responsible for commercial real estate loan origination, syndication, structured finance, portfolio management and real estate owned sales. Mr. Plavin received a B.A. in English from Tufts University and an M.B.A. in Finance, Accounting and Marketing from the J.L. Kellogg Graduate School of Management at Northwestern University. Mr. Plavin is a member of the board of directors of each of Omega Healthcare Investors, Inc. and WCI Communities, Inc. Mr. Plavin's experience and background as a senior member of our Company's management since 1998 has provided him with valuable knowledge of and experience with our business, which we believe positions him to contribute to our board's oversight functions.

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Thomas E. Dobrowski has been a director since 1998. Mr. Dobrowski has been retired from General Motors Asset Management, or GMAM, an investment manager for several pension funds of General Motors, its subsidiaries and affiliates, as well as for several third party clients, since October 2005. From December 1994 until his retirement, he was the managing director of real estate and alternative investments for GMAM. Mr. Dobrowski is a director of Equity Lifestyle Properties, Inc. and previously served as a director of Equity Office Properties Trust until its sale in 2007. Mr. Dobrowski had a long career as a senior investment officer for a major pension plan investor, and oversaw the original investment made by GMAM into our business, which gives him unique insight into our investment activities.

Martin L. Edelman has been a director since 1997. Mr. Edelman has been of counsel to Paul Hastings LLP, and prior thereto Battle Fowler LLP, each a law firm that has provided services to us. Mr. Edelman was a partner with Battle Fowler LLP from 1972 to 1993. He had been a director of Cendant Corporation and a member of the executive committee of that corporation's board of directors from November 1993 until its deconsolidation in 2006. He currently serves as a director of Avis/Budget Group, Inc., a rental car company, and Ashford Hospitality Trust, a hospitality property focused real estate investment trust, or REIT. He is a senior advisor to Mubadala Development Company, the strategic investment vehicle of the government of Abu Dhabi, and a member of the board of Aldar Property Group, a real estate development, management and investment company, that is publicly traded in Abu Dhabi. He is on the boards of the Jackie Robinson Foundation, The Intrepid Fallen Heroes Fund and the Fisher House Foundation. Mr. Edelman has extensive commercial real estate industry experience and knowledge developed over his nearly 40 years of practicing law, which provides us with valuable perspectives into developments in our industry.

Henry N. Nassau has been a director since 2003. Mr. Nassau has been a partner since September 2003 and is chair of the corporate and securities group at the law firm Dechert LLP. Mr. Nassau was the chief operating officer of Internet Capital Group, Inc., an Internet holding company, from December 2002 until June 2003, having previously served as managing director, general counsel and secretary since May 1999. Mr. Nassau was previously a partner at Dechert LLP from September 1987 to May 1999 and was chair of the firm's business department from January 1998 to May 1999. At Dechert LLP, Mr. Nassau engages in the practice of corporate law, concentrating on mergers and acquisitions, public offerings, private equity and venture capital financing. Mr. Nassau also serves on the advisory board of RAF Industries and as a trustee for Episcopal Academy. Mr. Nassau has significant professional experience as an officer of a public company and as an attorney and partner in a major law firm which allows him to make unique contributions in the area of corporate governance.

Joshua A. Polan has been a director since 2004. Mr. Polan is a managing director of Berkley Capital, LLC, a wholly owned subsidiary of W.R. Berkley, or WRBC. He has been an executive officer of Interlaken Capital, Inc., or Interlaken, a company substantially owned and controlled by William R. Berkley, W.R. Berkley's chairman of the board and chief executive officer, since June 1988, and currently serves as managing director of Interlaken. For more than five years prior to June 1988, Mr. Polan was a partner in the public accounting firm of Touche Ross & Co. We believe Mr. Polan's experience in the insurance industry and the investment activities of his employer provides useful insight into our business.

Lynne B. Sagalyn has been a director since 1997. Dr. Sagalyn is the Earle W. Kazis and Benjamin Schore Professor of Real Estate at Columbia Business School where she is director of the Paul Milstein Center for Real Estate and the MBA Real Estate Program. This position marks a return to Columbia, where she had been a professor of finance and economics for more than twelve years, and to the MBA Real Estate Program, which she developed during that period. From 2004 until her return to Columbia in July 2008, Dr. Sagalyn held appointments at the University of Pennsylvania in both the School of Design (City Planning Department) and the Wharton School (Real Estate Department). Dr. Sagalyn is the Vice Chairman and a director of UDR, Inc., a self-administered REIT in the apartment communities sector. Dr. Sagalyn also serves on the advisory board of The Goldman Family Enterprises, as a member of the audit committee of Planned Parenthood of New York City, and as a member of the board of directors of Regional Plan Association of New York. She has also served on the New York City Board of Education Chancellor's Commission on the Capital Plan. Through her prominent positions in graduate real estate programs of leading universities, Dr. Sagalyn brings expertise in real estate and finance to our board and the audit committee, of which she is the chair.

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John G. Schreiber has been a director since 2012. Mr. Schreiber is the President of Centaur Capital Partners, Inc. and a Partner and Co-Founder of Blackstone Real Estate Advisors. Mr. Schreiber has overseen all of Blackstone's real estate investments since 1992. Previously, Mr. Schreiber served as Chairman and Chief Executive Officer of JMB Urban Development Co. and Executive Vice President of JMB Realty Corp. Mr. Schreiber is a past board member of Urban Shopping Centers, Inc., Host Hotels & Resorts, Inc., The Rouse Company and AMLI Residential Properties Trust and he currently serves on the board of General Growth Properties, Inc., JMB Realty Corp. and a number of mutual funds managed by T. Rowe Price Associates. Mr. Schreiber graduated from Loyola University of Chicago and received an MBA from Harvard Business School. Mr. Schreiber's extensive experience with, and strong record of success in investing in, real estate-related assets provides our board of directors with valuable insights into developments in our industry.

VOTING RECOMMENDATION

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF ALL EIGHT NOMINEES NAMED ABOVE.

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The Board of Directors; Committees

Our business is managed by our Manager, subject to the supervision and direction of our board of directors. Our board of directors has eight members and is currently comprised of Messrs. Nash, Plavin, Dobrowski, Edelman, Nassau, Polan, Schreiber and Dr. Sagalyn.

In accordance with the terms of the Purchase and Sale Agreement, dated as of September 27, 2012, or Purchase Agreement, by and between us and Huskies Acquisition LLC, or Huskies Acquisition, an affiliate of Blackstone that we entered into in connection with the strategic transaction with affiliates of Blackstone that was consummated on December 19, 2012, the board of directors, upon the recommendation of the corporate governance committee, appointed Messrs. Michael B. Nash and John G. Schreiber to the board of directors and Messrs. Samuel Zell and Edward S. Hyman resigned as members of the board of directors. Mr. Schreiber was also appointed as chairman of the board of directors in accordance with the Purchase Agreement at that time. On February 26, 2013, the board of directors elected Michael B. Nash to the newly established position of Executive Chairman, in which capacity he acts as both chairman of the board of directors and as executive chairman of the Company.

Director Independence

Under our corporate governance guidelines and NYSE rules, the board of directors must be comprised of at least a majority of directors who qualify as independent directors. A director is not independent unless the board of directors affirmatively determines that he or she does not have a material relationship with us and the director must meet the bright-line test for independence set forth by the NYSE rules. Our corporate governance guidelines also require all members of the audit committee, the compensation committee and the corporate governance committee to be independent directors. Based upon its review, the board of directors has determined that all of our directors other than Messrs. Nash, Plavin and Schreiber are independent under the criteria for independence set forth in the listing standards of the NYSE. Mr. Nash is not independent because he is our executive chairman and he is an employee of Blackstone. Mr. Plavin is not independent because he is our chief executive officer and he is also an employee of Blackstone. Mr. Schreiber is associated with Blackstone and both he and Mr. Nash were elected to the board of directors in accordance with the terms of the Purchase Agreement.

In making its determinations that Mr. Polan and Mr. Edelman are independent directors, the board of directors considered the following transactions, relationships and arrangements. In connection with the determination that Mr. Polan is an independent director, the board of directors considered that he serves as a managing director of Berkley Capital, LLC, a wholly owned subsidiary of WRBC, which as of April 17, 2013 owned approximately 13.1% of the shares of our class A common stock, and that his nomination is required pursuant to a director nomination right in accordance with the Securities Purchase Agreement among the Company and WRBC dated May 11, 2004, or Securities Purchase Agreement. We also previously entered into three separate account agreements with affiliates of WRBC for an aggregate of \$250.0 million under which a former subsidiary of ours invested capital on behalf of WRBC. In addition, a wholly-owned subsidiary of WRBC is an investor in Five Mile Capital Partners LLC and private funds under its management, collectively referred to as Five Mile. On March 31, 2011, Five Mile provided an \$83.0 million mezzanine loan to a majority-owned subsidiary of ours in connection with our 2011 comprehensive restructuring. The mezzanine loan was fully repaid on February 10, 2012. In connection with the determination that Mr. Edelman is an independent director the board of directors considered that he is of counsel to Paul Hastings LLP, a law firm that from time to time has provided us with legal representation with respect to various matters.

Board of Directors Composition

The board of directors seeks to ensure that the board of directors is composed of members whose particular experience, qualifications, attributes and skills, when taken together, will allow the board of directors to satisfy its oversight responsibilities effectively. In that regard, the corporate governance committee is responsible for recommending candidates for all directorships to be filled by the board of directors or by the stockholders at an

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annual or special meeting. In identifying candidates, the corporate governance committee will review all nominees for director in accordance with the requirements and qualifications contained in the corporate governance guidelines and, subject to the requirements in the Purchase Agreement and the Securities Purchase Agreement, recommend that the board of directors select those nominees whose attributes the corporate governance committee believes would be most beneficial to us. In identifying candidates for membership on the board of directors, the corporate governance committee takes into account (1) minimum individual qualifications, such as personal integrity and moral character, willingness to apply sound business judgment, industry knowledge or experience and an ability to work collegially with the other members of the board of directors and (2) all other factors it considers appropriate. While our corporate governance guidelines do not include an express diversity policy, we note that Dr. Sagalyn, who has been one of our longest standing directors, was recruited in part with a gender diversity goal in mind.

Our board of directors currently has four standing committees: an audit committee, a compensation committee, a corporate governance committee and an investment risk management committee. The current written charters for each of the audit committee, compensation committee and corporate governance committee are available on the investor relations page of our website, www.capitaltrust.com, under the Investor Relations tab by selecting Corporate Governance.

Audit Committee

The audit committee is currently comprised of Messrs. Dobrowski and Nassau and Dr. Sagalyn, with Dr. Sagalyn serving as the committee's chairperson. All audit committee members meet the independence criteria and have the qualifications set forth in the listing standards of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or Exchange Act. Each of Messrs. Dobrowski and Nassau is qualified as an audit committee financial expert within the meaning of Item 407(d)(5) of Regulation S-K under the Exchange Act, and our board of directors has determined that they each have the accounting and related financial management expertise within the meaning of the listing standards of the NYSE. The SEC has determined that the audit committee financial expert designation does not impose on a person with that designation any duties, obligations or liability that are greater than the duties, obligations or liability imposed on such person as a member of the audit committee of the board of directors in the absence of such designation. The audit committee appoints our independent registered public accounting firm, oversees the quality and integrity of our financial reporting and the audits of our financial statements by our independent registered public accounting firm and in fulfilling its oversight function, reviews with our management and independent registered public accounting firm the scope and result of the annual audit, our auditors' independence and our accounting policies. The audit committee is also responsible for the overall administration of our code of business conduct and ethics, including its interpretation and amendment.

The audit committee has adopted procedures for the processing of complaints relating to accounting, internal control and auditing matters in accordance with Rule 10A-3 under the Exchange Act. The audit committee oversees the review and handling of any complaints submitted pursuant to the forgoing procedures and of any whistleblower complaints subject to Section 21F of the Exchange Act.

Compensation Committee

The compensation committee is currently comprised of Messrs. Edelman and Nassau and Dr. Sagalyn, with Mr. Nassau serving as the committee's chairperson. All compensation committee members meet the independence criteria set forth in the listing standards of the NYSE.

The compensation committee oversees the annual review of our management agreement with our Manager, which we refer to as the Management Agreement, whereby we became externally managed. To the extent that we are responsible for paying the compensation and/or any other employee benefits of our executive officers and senior management, the compensation committee also oversees such compensation, including plans and programs relating to

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cash compensation, incentive compensation, equity-based awards and other benefits and perquisites and administers any such plans or programs as required by the terms thereof. We are externally managed by our Manager pursuant to the Management Agreement and as of the date hereof we have no employees. Since December 19, 2012, our executive officers have not received compensation from us or any of our subsidiaries for serving as executive officers.

In particular, the compensation committee's primary duties are described in the compensation committee charter and include:

to the extent that we are responsible for paying the compensation and/or any other employee benefits of our chief executive officer, reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by our board of directors) exercising sole authority to determine and approve our chief executive officer's compensation level based on this evaluation;

determining the long-term incentive component, if any, of our chief executive officer's compensation that we are responsible for paying by considering, among other factors selected by the compensation committee, our performance and relative stockholder return, our chief executive officer's individual performance, including progress on strategic objectives, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to our chief executive officer in past years;

to the extent that the Company is responsible for paying incentive compensation and equity-based compensation to employees of Capital Trust or any external manager, considering the recommend