

Halverson Bradley M
Form 4
March 30, 2018

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Halverson Bradley M

2. Issuer Name and Ticker or Trading Symbol
SYSCO CORP [SYY]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1390 ENCLAVE PARKWAY
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
03/30/2018

Director 10% Owner
 Officer (give title below) Other (specify below)

HOUSTON, TX 77077

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	03/30/2018		A		208 ⁽¹⁾	A	\$ 59.96
Common Stock	03/30/2018		A		104 ⁽²⁾	A	\$ 59.96

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Halverson Bradley M 1390 ENCLAVE PARKWAY HOUSTON, TX 77077	X			

Signatures

/s/ Gerald W. Clanton,
attorney-in-fact

03/30/2018

___Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents shares elected to be received in lieu of a portion of non-employee director annual cash retainer fees pursuant to the Sysco Corporation 2013 Long-Term Incentive Plan.
- (2) Represents company match equal to 50% of the shares described in Footnote 1.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. centive awards because of their efforts to restructure the company and to position us to create future shareholder value. Consistent with our historical practice, we also granted our named executive officers, or NEOs, other incentive awards reflecting a participation in our incentive management fees and recovery or assets that aligns their interest with those of our stockholders.

Our compensation committee s particular responsibilities include evaluating the performance of our chief executive officer in light of preset goals and objectives, and determining and approving the chief executive officer s compensation level based on this evaluation. Our compensation committee is also responsible for reviewing and approving the salaries and other compensation of our NEOs. Our NEOs for 2011 include Stephen D. Plavin, our chief executive officer, or CEO, Geoffrey G. Jervis, our chief financial officer, or CFO, and Thomas C. Ruffing, our chief credit officer, or CCO.

II. Compensation Philosophy and Program Objectives

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Our objective is to provide compensation packages that attract, retain and motivate experienced and qualified executives, reward individual performance, align the interests of our NEOs with those of our stockholders and provide incentives for the creation of stockholder value. Historically, our executive compensation program has consisted of three main elements: an annual base salary, annual cash bonus compensation and long-term incentive compensation. Under our historical practices, we had designed the bonus and long-term compensation elements of our NEO compensation program to link individual compensation to the achievement of objective performance measures relating to key business goals that drive our financial performance.

Our historical practices were impacted by the effects of the financial market turmoil which required us to focus on the resolving the leverage in our capital structure. In March 2009, we completed an interim restructuring of our recourse liabilities that stabilized our business but did not completely resolve the challenges reflected in

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the leverage in our capital structure. Under the terms of this interim restructuring, annual cash compensation for our employees, other than our CEO, COO and CFO, was capped at \$5.8 million (approximately the level of compensation for this group of employees in 2008). Our CEO, COO and CFO base salaries were set at then existing levels and any bonus compensation required the approval of not only our board of directors, but also representatives from certain of our lenders. Our compensation committee's discretion was limited as long as these restrictions remained in place. We continued to operate under these restrictions during 2010 as we explored a permanent solution to the leverage in our capital structure.

On March 31, 2011, we completed a comprehensive restructuring that eliminated all of our recourse liabilities. Except for certain key man provisions, this restructuring eliminated the restrictive covenants that were established in 2009, including those governing the compensation payable to our NEOs and other employees. With the elimination of these restrictions, we were able to award additional bonus and incentive compensation upon the consummation of our 2011 comprehensive debt restructuring, which we refer to as the restructuring awards, discussed below.

We believe that the compensation provided to our executives should be commensurate with the performance of the company and must recognize the competitive environment for talented executives in which we operate. We compete for talent with other public and private commercial mortgage finance company platforms, private equity firms, as well as the commercial mortgage backed securities, or CMBS, and structured finance groups within Wall Street commercial banks and investment banking firms. The overall principle guiding our NEO compensation is to pay total compensation that encourages outstanding performance and is in line with the competitive market. The actual compensation paid to each NEO will vary based on company and individual performance and the NEO's role within the company. The employment agreements previously in effect with each of our NEOs have expired. Going forward, in light of the flexibility we possess following our recently consummated comprehensive debt restructuring, our compensation committee and our board will reevaluate the need for employment agreements with our NEOs.

III. Procedural Approach

Role of the Board of Directors and Compensation Committee

Consistent with our philosophy, bonus and long-term compensation elements of our compensation program are designed to be commensurate with the performance of the company. In the past, prior to the recent turmoil in the financial markets and the resulting impact on our business, our board of directors had endorsed strategic business goals for our company that were centered on the growth and management of the balance sheet and investment management segments of our business. Our compensation committee in consultation with our CEO considered these strategic business goals along with individual and company performance in determining bonuses to our NEOs.

Given the conditions in our business which resulted from the financial crisis, we shifted our focus in 2009 and 2010 to managing our portfolio and associated liabilities in order to obtain maximum recoveries and stabilizing our platform. In the face of the impending maturities of our recourse debt obligations on March 15, 2011, we embarked on an effort to implement a comprehensive restructuring of all of our outstanding recourse debt obligations, which we successfully consummated on March 31, 2011. As discussed below, effective as of the close of the restructuring, our compensation committee authorized grants of certain restructuring awards to our NEOs. The restructuring awards were designed to serve our goal of retaining these executives, as well as to reward them for the successful consummation of the comprehensive restructuring. In developing the level of these awards, our compensation committee made qualitative judgments concerning the respective roles played by, and level of contribution made by, the NEOs.

In the future, as our operations normalize, consistent with our past practices, our compensation committee will revisit our executive compensation program as part of the annual review of salary, bonus and incentive compensation with a goal to implement programs that link individual compensation to the achievement of objective performance

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measures relating to key business goals that drive our financial performance. We have yet to recommence our historical balance sheet portfolio business as the necessary capital has not been available to us. Our operations have focused on managing our legacy balance sheet portfolio and our investment management business.

Our CEO attends compensation committee meetings, but does not attend executive sessions where the CEO's performance or compensation is discussed. Our CEO makes recommendations to our compensation committee regarding the compensation of other NEOs, but does not vote on matters presented for approval or action by our compensation committee.

The compensation committee had previously engaged the services of a compensation consultant, FPL Associates Compensation, a division of FPL Associates L.P., or FPL, with respect to the now expired employment agreements with certain of our executive officers. FPL has no other relationships with the company and is considered an independent third party advisor. FPL was consulted with respect to the formulation and level of incentive and bonus awards made in 2011 upon consummation of our comprehensive debt restructuring.

Our compensation committee held two meetings and took one action by written consent during the year ended December 31, 2011.

IV. Compensation Structure

A. Overview of Elements of Pay

In 2011, we utilized three main elements of compensation for our NEOs:

Annual Base Salary Fixed salary as determined in the discretion of our compensation committee.

Annual Cash Bonus Variable pay in the form of cash bonuses that is designed to reward executives for the attainment of annual business goals as determined in the discretion of our compensation committee.

Incentive Awards Variable pay in the form of incentive awards that are designed to provide executives with interests that is aligned with the interest of our shareholders.

Prior to the financial market turmoil, as part of our compensation program, we awarded our NEOs with cash bonuses and restricted and performance based stock awards tied to performance metrics. Given the conditions in our business and developments with our restructurings, our compensation committee had determined that it was not practicable to continue with this prior compensation practice in 2010 and 2011 as we focused on stabilizing our business through the successful restructuring efforts.

B. Detail of Elements of Pay

(1) Base Salary

Our NEOs receive an annual base salary, subject to possible increases by the compensation committee. The annual salaries vary according to our compensation committee's discretionary assessment of the levels of responsibility undertaken by the executive officers. We strive to compensate our NEOs with salaries commensurate with prevailing compensation practices in public and private commercial mortgage finance platforms, private equity firms, as well as the CMBS and structured finance groups within Wall Street commercial banks and investment banking firms. Our compensation committee periodically may review base salaries for our NEOs on its own initiative or at the recommendation of our CEO. The completion of our comprehensive debt restructuring in 2011 eliminated the restrictions on the levels of compensation imposed under the terms of our 2009 interim restructuring.

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Stephen D. Plavin serves as our CEO and president. Mr. Plavin's prior employment agreement expired on December 31, 2009 at which time his annual base salary was \$500,000 per year. Mr. Plavin served as our chief operating officer until his promotion to CEO and president effective December 2009. In conjunction with his promotion, the board increased Mr. Plavin's annual base salary to \$550,000 effective January 1, 2010, but consistent with the restrictions on compensation in place following our 2009 interim restructuring, Mr. Plavin was paid a salary of \$500,000 in 2010. In April 2011, after the elimination of such restrictions, he was paid all approved and unpaid salary for 2010. Mr. Plavin's current annual base salary is \$550,000.

Geoffrey G. Jervis serves as our CFO. Mr. Jervis' prior employment agreement expired on December 31, 2010 at which time his annual base salary was \$450,000 per year. The board had increased Mr. Jervis' annual base salary above the \$425,000 amount required in his employment agreement to \$450,000 effective January 1, 2010, but consistent with the restrictions on compensation in place following our 2009 interim restructuring, Mr. Jervis was paid a salary of \$350,000 in 2010. In April 2011, after the elimination of such restrictions, he was paid all approved and unpaid salary for 2010. Mr. Jervis' current base salary is \$450,000.

Thomas C. Ruffing serves as our CCO and head of asset management. Mr. Ruffing receives a base salary of \$250,000 per year and has received the same base salary since September 2006.

Our compensation committee and board acted to increase the salaries of Messrs. Plavin and Jervis for 2010 as an additional incentive to retain their services. This action was taken at the time our former CEO resigned from his employment with us, significantly increasing the responsibilities of these two key executives.

(2) Annual Cash Bonus

Under the terms of our 2009 interim restructuring, cash bonuses payable to our CEO and CFO for 2009 and 2010 were limited to the amounts paid to them for 2008. Given this limitation and general conditions in our business, our compensation committee did not award cash bonuses in 2011 by reference to performance based financial criteria (as had occurred prior to 2009). Instead, bonuses for NEO services in 2011 were determined in the sole discretion of our compensation committee and were paid at 2010 levels. Mr. Plavin was paid an annual cash bonus of \$681,575. Messrs. Jervis and Ruffing received annual cash bonuses of \$503,178 and \$300,000, respectively, which were recommended by our CEO and approved by our compensation committee. The 2011 annual bonuses represent the maximum bonus levels allowed under the restrictions imposed by our lenders. In awarding 2011 bonuses, the committee made qualitative judgments about the roles played by the NEO in stabilizing our operations and positioning us towards achieving our goal of obtaining a comprehensive restructuring of all of our recourse debt obligations. Our NEOs were also awarded bonuses as part of the restructuring awards as described below under **X. Awards Made Upon Consummation of Comprehensive Restructuring**.

(3) Long-Term Incentive Compensation

In 2011, our board of directors adopted and our stockholders approved our 2011 long-term incentive plan, or 2011 Plan. The 2011 Plan replaced our 2007 long-term incentive plan, or 2007 Plan, and currently constitutes the sole long-term incentive plan that governs all aspects of the company's long-term incentive compensation. As of April 15, 2012, there were 926,000 shares available to be awarded under the 2011 Plan.

Our compensation committee previously authorized awards of restricted stock and performance stock to our NEOs, in certain cases pursuant to the terms of employment agreements governing our NEOs employment and in other cases pursuant to the incentive programs developed under the oversight of the committee. None of our current NEOs received discretionary awards of restricted or performance stock in 2011, but our NEOs were awarded restricted stock as part of the restructuring awards as described below.

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In previous years, our compensation committee awarded our NEOs cash based performance awards that represented derivative interests in the incentive management fees received by us from certain of our investment management vehicles. These awards are intended to incentivize the executives to deploy the investment capital and manage the portfolio investments effectively. In setting the level of participation, our compensation committee makes qualitative judgments as to the role played in deploying the capital and managing the assets in respect of the investment management vehicles. In January 2011, our compensation committee awarded such performance awards that represent derivative interests in the incentive management fees received by us from CT Opportunity Partners I, LP, or CTOPI. Pursuant to these awards, Messrs. Plavin, Jervis and Ruffing receive 13.5%, 9.0% and 4.5%, respectively, of the incentive fees received by us from our management of CTOPI. The awards are subject to vesting provisions which provide that the NEO's right to the payments vest one-third on the January 18, 2011 date of award, one-third upon the termination of the investment period of CTOPI, and one-third on the date of our receipt of the incentive management fee, provided that the NEO is employed on each such vesting date. In addition, our NEOs were awarded similar performance based awards tied to the long term recovery of our legacy assets as part of the restructuring awards as described below under X. Awards Made Upon Consummation of Comprehensive Restructuring .

Since 2007, certain NEOs elected to defer receipt of certain restricted stock awards that would otherwise become payable to them after 2007 and upon the satisfaction of vesting periods set forth in their individual award agreements. An award subject to a deferral election will continue to vest at the end of the vesting period pursuant to its original terms, but will not be distributed to the executive until the occurrence of the applicable distribution event set forth in the deferral election. Distribution events may include: death, disability, or other separation from service; change in control of the company; and a specified date elected by the executive.

(4) Stock Option Awards

We made no grants of stock options to our named executive officers in 2011. All outstanding stock options have vested, having been granted prior to our election to be taxed as a REIT in 2003, after which we determined to use restricted and performance stock as the principal form of equity based long-term incentive compensation awarded to NEOs.

(5) Retirement, Perquisites and Other Personal Benefits

We do not maintain any defined benefit or supplemental executive retirement programs for NEOs. We do, however, maintain a 401(k) plan and we contribute 3% of compensation, subject to the stipulated annual maximum amount, towards deferred benefits. In addition, Mr. Plavin's life insurance premiums were paid directly by the Company.

B. Interrelationship of Elements of Pay

In determining the overall mix of elements comprising total compensation, our compensation committee focused in 2011 on providing our NEOs with their base salaries supplemented by discretionary cash bonuses at levels that reflected our compensation committee's assessment of both their overall performance and general conditions in our business.

C. Pay Levels and Benchmarking

Our compensation committee set pay levels and made awards in 2011 on a discretionary basis, without reference to any benchmarking data. The committee's key goal was to retain our executives in circumstances of an unstable and complex corporate debt structure that required a comprehensive restructuring which was deemed necessary in order to preserve our ability to maximize the recovery from our legacy assets for our stockholders. Our compensation committee made qualitative judgments about the respective roles played by, and level of contribution made by, the executives in leading and positioning us to achieve our comprehensive debt restructuring in 2011.

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V. Timing of Equity Grants

As explained above, no stock options were granted to any of our NEOs during 2011, and other equity awards were granted to our NEOs upon the consummation of our comprehensive debt restructuring in March 2011. These and all other equity based awards to our NEOs were awarded under our 2007 Plan. As administrator, the compensation committee is authorized in its discretion to grant awards under the plans, establish the terms of such awards, including vesting terms, prescribe grant agreements evidencing such awards and establish programs for granting awards. Our compensation committee has not delegated its authority to make awards or prescribe the terms (including vesting terms) to our management, but once authorized, the committee may authorize the CEO to allocate a portion of the awards to employees in his discretion. We do not have any plans, policies or practices to time the grant of equity awards to our executive officers in coordination with the release of material non-public information. Grants of other equity-based awards are determined by our compensation committee and typically are made in January or February of each calendar year after a review of the company's and individual's performance during the prior year. We do not follow a set schedule for making equity grants under our plans and grants may also occur at other times of the year such as upon execution of a new employment agreement or at the time of new hire.

Awards of restricted and performance stock to existing employees are generally denominated in a dollar value and the number of shares awarded is currently determined using a 30-day average price except that in the case of new hires, the number of shares awarded is determined using the employee's start date for determining the base price. Approvals of equity based awards are typically obtained at meetings of our compensation committee, but management may also seek approvals by unanimous written consent of the committee members. Our compensation committee awarded restricted stock denominated in a fixed number of shares in connection with our 2011 comprehensive debt restructuring.

VI. Stock Ownership Guidelines

As disclosed under the caption "Security Ownership of Certain Beneficial Owners and Management" below, our named executive officers are stockholders of the company. We do not currently have stock ownership guidelines for our named executive officers.

VII. Adjustment or Recoupment of Awards

The 2007 Plan and 2011 Plan contain a forfeiture or clawback mechanism to recoup awards from a NEO to the extent any of our financial results are misstated as a result of the NEO's willful misconduct or gross negligence and the financial results are restated downward. In addition, Section 304 of Sarbanes-Oxley provides the ability to recover incentive awards in certain circumstances. Under this law, if we are required to restate our financials due to noncompliance with any financial reporting requirements as a result of misconduct, the CEO and CFO must reimburse us for (1) any bonus or other incentive- or equity-based compensation received during the 12 months following the first public issuance of the non-complying document, and (2) any profits realized from the sale of our securities during those 12 months.

VIII. Post-Employment Severance and Change-in-Control Benefits

Our prior employment agreements with our NEOs have expired and therefore our NEOs are not entitled to any severance payments and other benefits due to a change in control. Under the terms of the long-term incentive award agreements with our NEOs, in the event an NEO's employment is terminated by us without cause or an NEO resigns for Good Reason (as defined in the award agreements), the vesting of all unvested portions of the NEOs long-term incentive awards will be accelerated.

IX. Impact of Tax and Accounting

Section 162(m) of the Internal Revenue Code limits the deductibility in our tax return of compensation over \$1.0 million to certain of our executive officers unless, in general, the compensation is paid pursuant to a plan

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which is performance-related, non-discretionary and has been approved by our stockholders. Our compensation committee's policy with respect to Section 162(m) is to make reasonable efforts to ensure that compensation is deductible to the extent permitted, while simultaneously providing our executives with appropriate rewards for their performance and therefore our compensation committee may authorize the payment of compensation to NEOs outside the limits of Section 162(m).

X. Awards Made Upon Consummation of Comprehensive Restructuring

On March 31, 2011, we consummated a series of transactions with our creditors and restructured and substantially reduced our previously restructured recourse legacy debt obligations. Effective upon consummation of the restructuring, our compensation committee authorized recovery awards in the form of additional cash and incentive compensation, to each of our three NEOs. The recovery awards were comprised of:

a special one-time cash bonus,

a grant of restricted stock, and

a long-term cash-based performance award tied to the recovery of legacy assets owned by a newly-formed majority-owned subsidiary, CT Legacy REIT Mezz Borrower, Inc., or CT Legacy REIT, referred to as the legacy asset recovery awards.

The restricted stock vests 25% on the date of grant and the balance in equal installments over the three year period commencing on April 1, 2011 and ending on March 31, 2014. The legacy asset recovery awards provide for payments to our NEOs and certain other employees of an amount not to exceed 6.75% of the total recovery (subject to certain caps) of the net assets of CT Legacy REIT, referred to as the employee pool. The legacy asset recovery awards vest 25% on March 31, 2011, 25% on March 31, 2013, 25% on March 31, 2014 and the balance at the time of distribution under the plan.

Mr. Plavin was awarded a bonus of \$1,185,000, 140,000 shares of restricted stock and a legacy asset recovery award providing for a 35% allocation of the employee pool. Mr. Jervis was awarded a bonus of \$985,000, 100,000 shares of restricted stock and a legacy asset recovery award providing for a 25% allocation of the employee pool. Mr. Ruffing was awarded a bonus of \$250,000, 60,000 shares of restricted stock and a legacy asset recovery award providing for a 15% allocation of the employee pool.

In developing the level of these awards, our compensation committee made qualitative judgments about the respective roles played by, and level of contribution made by, the executives in connection with the restructuring effort. Mr. Plavin was awarded the highest amounts given the key leadership he played throughout the restructuring process. The awards made to Messrs. Jervis and Ruffing reflected the committee's judgment as to the relative importance of their respective roles and the contributions made towards achieving the restructuring.

XI. Conclusion

Our compensation committee believes that the annual salary and bonus paid to our NEOs, for 2011 is consistent with its practice of awarding competitive pay to its NEOs. The committee exercised its discretion to award to our NEOs, interests in incentive management fees received by us from CTOPI, as well as a one-time bonus, restricted stock and legacy asset recovery based awards in recognition of the substantial achievement realized by the company with the completion of the comprehensive debt restructuring in 2011.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth for the year indicated the annual compensation of our chief executive officer, our chief financial officer and our other named executive officers, as such term is defined in Item 402(a) of Regulation S-K.

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Non-Equity			Total \$
				Stock Awards \$(3)	Incentive Plan Compensation \$(4)	All Other Compensation \$(5)	
Stephen D. Plavin	2011	550,000	1,866,575	320,600		9,635	2,746,810
Chief Executive Officer	2010	550,000	681,575		36,081	9,635	1,277,291
	2009	500,000	681,575	108,000		9,635	1,299,210
Geoffrey G. Jervis	2011	450,000	1,488,178	229,000		7,350	2,174,528
Chief Financial Officer,	2010	450,000	503,178	21,431	12,268	7,350	994,227
Treasurer and Secretary	2009	350,000	503,178			7,350	860,528
Thomas C. Ruffing	2011	250,000	550,000	137,400		7,350	944,750
Chief Credit Officer and	2010	250,000	300,000		23,092	7,350	580,442
Head of Asset Management	2009	250,000	300,000			7,350	557,350

- (1) Effective January 1, 2010, the salary for Mr. Plavin and Mr. Jervis was increased to \$550,000 and \$450,000, respectively, from \$500,000 and \$350,000, respectively. During the year 2010, Messrs. Plavin and Jervis were paid at the salary in-place as of December 31, 2009 and in April 2011, after the elimination of restrictions on compensation imposed by certain of our lenders, they were paid all approved and unpaid salary for 2010.
- (2) Mr. Plavin, Mr. Jervis and Mr. Ruffing were paid \$681,575, \$503,178 and \$300,000 in discretionary annual cash bonuses, respectively, for their performance in each of 2011, 2010 and 2009. In addition, as discussed above, on March 31, 2011, upon the consummation of our comprehensive debt restructuring, Messrs. Plavin, Jervis and Ruffing were awarded cash bonuses of \$1,185,000, \$985,000 and \$250,000, respectively.
- (3) Represents the aggregate grant date fair value of restricted stock granted in each respective year, calculated under the Financial Accounting Standard Board's Accounting Codification Topic 718 (formerly Statement of Financial Accounting Standards 123R), or ASC Topic 718. Under ASC Topic 718, the grant date fair value is calculated using the closing market price of our common stock on the date of grant, which is then recognized over the service period of the award.
- (4) The amounts reported include amounts received by named executive officers pursuant to previously granted performance awards representing derivative interests in incentive management fees received by us in 2010 from one of our third party investment management vehicles, CT Mezzanine Partners III, Inc. In 2010, Mr. Plavin, Mr. Jervis and Mr. Ruffing received \$36,081, \$12,268 and \$23,092, respectively, of such payments. In 2009, Mr. Plavin, Mr. Jervis and Mr. Ruffing did not receive any such payments.
- (5) We made a 401(k) contribution of \$7,350 in each of 2011, 2010 and 2009, respectively to each of our named executive officers. Mr. Plavin was reimbursed for life insurance premiums of \$2,285 in 2011, 2010 and 2009.

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The following table provides information on performance awards made pursuant to our 2007 Plan that provide for cash payments or awards of restricted stock granted in 2011 to each named executive officer. There can be no assurance that the grant date fair values of these awards will ever be realized.

Name	Grant date	Estimated future payouts under non-equity incentive plan awards			All other stock awards: number of shares or units (#)	Grant date fair value of stock awards (\$)
		Thres-hold (\$)	Target (\$)	Maxi-mum (\$)		
Stephen D. Plavin	1/31/11		573,061(1)			
	3/31/11		1,863,311(2)		140,000(3)	320,600(3)
Geoffrey G. Jervis	1/31/11		382,041(1)			
	3/31/11		1,330,937(2)		100,000(3)	229,000(3)
Thomas C. Ruffing	1/31/11		191,020(1)			
	3/31/11		798,562(2)		60,000(3)	137,400(3)

- (1) In January 2011, our compensation committee granted performance based awards that represent derivative interests in the incentive management fees received by us from CTOPI, to our three NEOs. Pursuant to these awards, Messrs. Plavin, Jervis and Ruffing are entitled to receive 13.5%, 9.0% and 4.5%, respectively, of the incentive fees received by us from our management of CTOPI. On the date of the award, we estimated the fair value of these awards to Messrs. Plavin, Jervis and Ruffing to be \$573,061, \$382,041 and \$191,020, respectively. The fair value was computed using a 15% discount rate over the estimated life of the award. The awards are subject to vesting provisions which provide that the NEO's right to the payments vest one third on the January 18, 2011 date of award, one third upon the termination of the investment period of CTOPI, and one third on the date of our receipt of the incentive management fee, provided that the NEO is employed on each such vesting date.
- (2) Upon the consummation of our 2011 comprehensive restructuring, our compensation committee awarded long-term cash-based performance awards tied to the recovery of legacy assets owned, or legacy asset recovery awards, by CT Legacy REIT, to our three NEOs. The legacy asset recovery awards provide for payments to our NEOs and certain other employees of an amount not to exceed 6.75% of the total recovery (subject to certain caps) of the net assets of CT Legacy REIT, referred to as the employee pool. Pursuant to these awards, Messrs. Plavin, Jervis and Ruffing are entitled to receive 35%, 25% and 15% of the employee pool, respectively. On the date of the award, we estimated the fair value of these awards to Messrs. Plavin, Jervis and Ruffing to be \$1,863,311, \$1,330,937 and \$798,562, respectively. The fair value was computed using a 20% discount rate over the estimated life of the award. The legacy asset recovery awards vest 25% on March 31, 2011, 25% on March 31, 2013, 25% on March 31, 2014 and the balance at the time of distribution under the plan.
- (3) Upon the consummation of our 2011 comprehensive restructuring, our compensation committee awarded shares of restricted stock to our three NEOs. Pursuant to these awards, Messrs. Plavin, Jervis and Ruffing were awarded 140,000, 100,000 and 60,000 shares, respectively. On the date of the award, the fair value (calculated under ASC Topic 718) of the awards to Messrs. Plavin, Jervis, and Ruffing was \$320,600, \$229,000 and \$137,400, respectively. The restricted stock vests 25% on the date of grant and the balance in equal installments over the three year period commencing on April 1, 2011 and ending on March 31, 2014.

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The following table shows the number of shares covered by restricted and performance stock grants held by our named executive officers on December 31, 2011. No stock options have been granted since our election to be taxed as a REIT in 2003 after which we determined to use restricted and performance stock as the principal form of equity based long-term incentive compensation.

Name	Stock Awards			
	Number of Shares of Restricted Stock That Have Not Vested(1)	Market Value of Shares of Restricted Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares of Performance Stock That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares of Performance Stock That Have Not Vested
	(#)	(\$)	(#)	(\$)
Stephen D. Plavin	105,000	236,250		
Geoffrey G. Jervis	75,000	168,750		
Thomas C. Ruffing	45,000	101,250		

- (1) Represents the number of shares underlying restricted stock awards that vest based upon the employee's continued service at the company.
(2) Market value of shares based upon the \$2.25 NYSE closing price on December 30, 2011.

Option Exercises and Stock Vested

The following table shows the number of shares of our class A common stock acquired upon the vesting of restricted stock awards during the year ended December 31, 2011. None of our named executive officers exercised stock options during 2011.

Name	Stock Awards(1)	
	Number of Shares Acquired on Vesting	Value Realized on Vesting
	(#)	(\$)
Stephen D. Plavin	35,000	80,150
Geoffrey G. Jervis	25,000	57,250
Thomas C. Ruffing	15,000	34,350

- (1) The number of shares acquired on vesting is comprised exclusively of shares of restricted stock granted upon the consummation of our 2011 comprehensive restructuring and the value shown is based upon the market price on the vesting date.

Director Compensation

In 2011, our non-employee directors earned fees at an annual rate of \$75,000. Payment for services is made quarterly in the form of cash and/or stock units. For those directors who have elected to receive stock units, the number of units is determined based upon the quarterly fee and the average stock price for the applicable quarter. In addition, the chairperson of our audit committee receives \$12,000 per annum payable in four quarterly installments. All directors are also reimbursed for travel expenses incurred in attending board and committee meetings.

Members of a special committee of our board, comprised of Messrs. Dobrowski, Nassau and Edelman formed to oversee management in our effort to restructure our debt obligations, were each paid \$50,000 for their service. This fee was paid effective upon the consummation of the restructuring in April 2011.

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The following table sets forth the compensation paid by us to our non-employee directors for the fiscal year ended December 31, 2011:

Name	Fees Earned or Paid		Option Awards	Non-equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation		All Other Compensation	Total
	Cash	Stock Awards			Compensation	Compensation		
Samuel Zell(1)	75,000							75,000
Thomas E. Dobrowski(2)	125,000							125,000
Martin L. Edelman(3)	125,000							125,000
Edward S. Hyman(4)	75,000							75,000
Henry N. Nassau(5)	125,000							125,000
Joshua A. Polan(6)	75,000							75,000
Lynne B. Sagalyn(7)	87,000							87,000

- (1) Mr. Zell's compensation was paid 50% (\$37,500) in cash and 50% (\$37,500) in stock units under our 2007 and 2011 Plans.
- (2) Mr. Dobrowski's special committee fee of \$50,000 was paid in cash and the remaining compensation was paid 50% (\$37,500) in cash and 50% (\$37,500) in stock units under our 2007 and 2011 Plans.
- (3) Mr. Edelman's special committee fee of \$50,000 was paid in cash and the remaining compensation was paid 50% (\$37,500) in cash and 50% (\$37,500) in stock units under our 2007 and 2011 Plans.
- (4) Mr. Hyman's compensation was paid 50% (\$37,500) in cash and 50% (\$37,500) in stock units under our 2007 and 2011 Plans.
- (5) Mr. Nassau's special committee fee of \$50,000 was paid in cash and the remaining compensation was paid 75% (\$56,250) in cash and 25% (\$18,750) in stock units under our 2011 Plan.
- (6) Mr. Polan's compensation was paid 100% in cash to W.R. Berkley Corporation.
- (7) Dr. Sagalyn's audit committee chairperson fee of \$12,000 was paid in cash and the remaining compensation was paid 50% (\$37,500) in cash and 50% (\$37,500) in stock units under our 2007 Plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own, or are part of a group that owns, more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC and the NYSE. Officers, directors and greater than 10% stockholders are required by regulation of the SEC to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of Forms 3, 4 and 5 and amendments thereto available to us and other information obtained from our directors, officers and certain 10% stockholders or otherwise available to us, we believe that no director, officer or beneficial owner of more than 10% of our class A common stock failed to file on a timely basis a report required pursuant to Section 16(a) of the Exchange Act with respect to 2011.

Security Ownership of Certain Beneficial Owners and Management

As of April 27, 2012, there were a total of 22,240,107 shares of our class A common stock issued and outstanding. The following table sets forth as of April 18, 2012, certain information with respect to the beneficial ownership of our class A common stock, by:

each person known to us to be the beneficial owner of more than 5% of our outstanding class A common stock;

each director, director nominee and named executive officer currently employed by us; and

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all of our directors and executive officers as a group.

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Such information (other than with respect to our directors and executive officers) is based on a review of statements filed with the SEC pursuant to Sections 13(d), 13(f) and 13(g) of the Exchange Act with respect to our class A common stock.

Name of Beneficial Owner	Number of Shares	
	Beneficially Owned(1)	Percent of Class
<i>Greater than 5% Owner</i>		
W. R. Berkley Corporation, et al.(2)	3,843,413	17.3%
Barclays Global Investors, NA., et al.(3)	1,275,337	5.7%
Bay Resource Partners, L.P., et al.(4)	1,255,500	5.6%
Vornado Realty, L.P.(5)	1,212,805	5.5%
Veqtor Finance Company, L.L.C, et al.(6)	1,170,829	5.3%
<i>Officers and Directors</i>		
Thomas E. Dobrowski(7)	88,350	*
Martin L. Edelman(8)	121,253	*
Edward S. Hyman(9)	256,683	1.2%
Henry N. Nassau(10)	64,024	*
Geoffrey G. Jervis(11)	119,087	*
Stephen D. Plavin(12)	227,554	1.0%
Joshua A. Polan(13)		
Thomas C. Ruffing(14)	60,156	*
Lynne B. Sagalyn(8)(15)	121,753	*
Samuel Zell(8)(16)	162,919	*
All executive officers and directors as a group (10 persons)	1,221,779	5.3%

* Represents less than 1%.

- (1) The number of shares are those beneficially owned, as determined under the rules of the SEC, and such information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which a person has sole or shared voting power or investment power and any shares which the person has the right to acquire within 60 days through the exercise of any option, warrant or right, through conversion of any security or pursuant to the automatic termination of a power of attorney or revocation of a trust, discretionary account or similar arrangement.
- (2) Based on both internal information and information contained in a Schedule 13D/A filed with the SEC on August 6, 2007, by (i) W. R. Berkley Corporation, (ii) Admiral Insurance Company, (iii) Berkley Insurance Company, (iv) Berkley Regional Insurance Company and (v) Nautilus Insurance Company, collectively, Berkley. (Berkley's address is 475 Steamboat Road, Greenwich, CT 06830).
- (3) Based solely on information contained in a Schedule 13G filed with the SEC on February 5, 2009, by (i) Barclays Global Investors, NA. and (ii) Barclays Global Fund Advisors, collectively, Barclays (Barclays's address is 400 Howard Street, San Francisco, CA 94105). The Barclays 13G reported beneficial ownership as follows: Barclays Global Investors, NA. reported sole voting power of 654,343 shares and sole dispositive power of 730,090 shares and Barclays Global Fund Advisors reported sole voting power of 545,247 shares and sole dispositive power of 545,247 shares.
- (4) Based solely on information contained in a Schedule 13G filed with the SEC on May 25, 2008, by (i) Bay Resource Partners, L.P., (ii) Bay II Resource Partners, L.P., (iii) Bay Resources Partners Offshore Fund, Ltd., (iv) GMT Capital Corp. and (v) Thomas E. Claugus, collectively, Bay Resources (Bay Resources's address is 2100 RiverEdge Parkway, Ste. 840, Atlanta, GA 30328). The Bay Resources Schedule 13G reported beneficial ownership as follows: Bay Resource Partners, L.P. reported shared voting power of 297,100 shares and shared dispositive power of 297,100 shares; Bay II Resource Partners, L.P. reported shared voting power of 207,600 shares and shared dispositive power of 207,600 shares; Bay Resource Partners Offshore Fund, Ltd. reported shared voting power of 593,700 shares and shared dispositive power of 593,700 shares; GMT Capital Corp. reported shared voting power of 1,219,800 shares and shared dispositive power of 1,219,800 shares; and Thomas E. Claugus reported sole voting power of 35,700 shares, shared voting power of 1,219,800 shares, sole dispositive power of 35,700 shares and shared dispositive power of 1,219,800 shares.

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- (5) Based on both internal information and information contained in a Schedule 13D/A filed with the SEC on October 4, 2004, by Vornado Realty L.P., or Vornado. Vornado's address is 888 Seventh Avenue, New York, NY 10019.
- (6) Based solely on information contained in a Schedule 13D/A filed with the SEC on November 17, 2009, by (i) Veqtor Finance Company, L.L.C. (Veqtor), (ii) Samstock, L.L.C. (Samstock), (iii) EGI-Properties Fund (08-10), L.L.C. (EGI), (iv) SZ Investments, L.L.C. (SZI), (v) Zell General Partnership, Inc. (ZGPI), (vi) Sam Investment Trust (SIT) and (vii) Chai Trust Company, LLC (Chai), collectively, the EGI Entities (EGI Entities' address is Two North Riverside Plaza, Suite 600, Chicago, IL 60606). The EGI Entities Schedule 13D/A reported beneficial ownership as follows: Veqtor reported sole voting power of 897,429 shares and sole dispositive power of 897,429 shares; Samstock reported sole voting power of 25,000 shares and sole dispositive power of 25,000 shares; EGI reported sole voting power of 248,400 shares and sole dispositive power of 248,400 shares; SZI reported sole voting power of 273,400 shares and sole dispositive power of 273,400 shares; ZGPI reported sole voting power of 1,170,829 shares and sole dispositive power of 1,170,829 shares; SIT reported sole voting power of 1,170,829 shares and sole dispositive power of 1,170,829 shares; and Chai reported sole voting power of 1,170,829 shares and sole dispositive power of 1,170,829 shares. SZI is the managing member of Samstock and is the manager of EGI. ZGPI is the managing member of Veqtor and SZI. SZI is indirectly owned by various trusts established for the benefit of Mr. Zell and his family, the trustee of each of which is Chai. The sole shareholder of ZGPI is SIT, a trust established for the benefit of Samuel Zell and members of his family. Chai serves as the trustee of SIT. Mr. Zell is not an officer or director of Chai and does not have voting or dispositive power over such shares, and therefore Mr. Zell disclaims beneficial ownership thereof except to the extent of his pecuniary interest therein.
- (7) Represents 88,350 shares obtainable upon conversion of vested stock units.
- (8) In the case of Mr. Zell, Mr. Edelman and Dr. Sagalyn, includes 112,919 shares obtainable by each upon conversion of vested stock units.
- (9) Includes 89,408 shares obtainable upon conversion of vested stock units.
- (10) Includes 64,204 shares obtainable upon conversion of vested stock units.
- (11) Includes 50,000 shares for Mr. Jervis that are the subject of restricted stock awards for which he retains voting rights and 25,000 shares obtainable upon conversion of stock units.
- (12) Includes 75,000 shares for Mr. Plavin that are the subject of restricted stock awards for which he retains voting rights and 35,000 shares obtainable upon conversion of stock units.
- (13) Does not include the shares owned by W. R. Berkley Corporation, as to which Mr. Polan disclaims beneficial ownership.
- (14) Includes 30,000 shares for Mr. Ruffing that are the subject of restricted stock awards for which he retains voting rights.
- (15) Includes 500 shares owned by Dr. Sagalyn's spouse.
- (16) Includes (i) 112,919 shares obtainable upon conversion of vested stock units; (ii) 40,000 shares owned by Mr. Zell; and (iii) 10,000 shares owned by Helen Zell Revocable Trust, the trustee of which is Helen Zell, Mr. Zell's spouse. Does not include 897,429 shares held by Veqtor Finance Company, L.L.C.; 25,000 shares held by Samstock, L.L.C.; and 248,400 shares held by EGI-Properties Fund (08-10), L.L.C., as to which such shares Mr. Zell does not hold voting or dispositive power, which power is indirectly held by Chai Trust Company, LLC, of which Mr. Zell is not an officer or director, and as to which such shares Mr. Zell disclaims beneficial ownership of except to the extent of his pecuniary interest therein.
- Our officers and directors may pledge shares of our class A common stock they own as security for potential or actual borrowings. Mr. Plavin (122,554 shares) pledged all or a portion of his shares of our class A common stock.

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Transactions With Related Persons, Promoters and Certain Control Persons

Relationship with Martin L. Edelman

Martin L. Edelman, a director, is of counsel to Paul Hastings LLP, a law firm that provides us with ongoing legal representation with respect to various matters.

Investments by trusts established for the benefit of Samuel Zell in our funds

Trusts established for the benefit of the chairman of our board of directors, Samuel Zell, and members of his family indirectly invested, on the same terms available to third party investors, in CT Opportunity Partners I, LP, or CTOPI, a third-party investment management vehicle which we currently manage, pursuant to which capital commitments and capital contributions have been made, and from which income has been received, since 2007.

Transactions Involving W. R. Berkley Corporation

On November 9, 2006, we commenced our CT High Grade Mezzanine (SM) investment management initiative and entered into three separate account agreements with affiliates of WRBC for an aggregate of \$250.0 million. Pursuant to these agreements, we invested, on a discretionary basis, capital on behalf of WRBC in commercial real estate mortgages, mezzanine loans and participations therein. The separate accounts were entirely funded with committed capital from WRBC and are currently managed by a subsidiary of our wholly-owned investment management subsidiary, CT Investment Management Co. LLC, or CTIMCO. Each separate account has a one-year investment period with extension provisions. CTIMCO earns a management fee equal to 0.25% per annum on invested assets. On July 25, 2007, we amended the agreements to increase the aggregate commitment of the WRBC affiliates to \$350.0 million and extended the investment period to July 2008. With the recommencement of investment activity in May 2011 and the reinvestment of certain realized assets, as of December 31, 2011, we have invested \$492.8 million for this account.

On April 27, 2007, we purchased a \$20.0 million subordinated interest in a mortgage from a dealer. Proceeds from the original mortgage financing provide for the construction and leasing of an office building in Washington, D.C. that is owned by a joint venture. WRBC has a substantial economic interest in one of the joint venture partners. This loan was sold to the joint venture owner at a discount in November 2009. A wholly-owned subsidiary of WRBC is an investor in Five Mile.

On March 31, 2011, Five Mile provided an \$83.0 million mezzanine loan to our majority-owned subsidiary in connection with our 2011 comprehensive restructuring. The mezzanine loan had an interest rate of 15.0% per annum of which 7.0% may be deferred, and matures on March 31, 2016. The mezzanine loan was fully repaid on February 10, 2012. We paid \$11.0 million in interest and fees to Five Mile during the period the mezzanine loan was outstanding.

Other Transactions with Related Parties

In July 2008, CTOPI held its final closing, completing a capital raise with \$540 million total equity commitments. EGI-Private Equity II, L.L.C., an entity which is indirectly owned by trusts established for the benefit of the chairman of our board, Samuel Zell, owns a 3.7% limited partner interest in CTOPI. Mr. Zell is not a trustee of such trusts. In 2011, we recorded fees of \$2.9 million from CTOPI, of which \$117,000 were attributable to EGI Private Equity II, L.L.C.

We believe that the terms of the foregoing transactions are no less favorable than could be obtained by us from unrelated parties on an arm's-length basis.

Pursuant to our code of business conduct and ethics, our audit committee must review and approve in advance all material related party transactions, including financial transactions, arrangements or relationships, or series of any of the foregoing, in which we participate that involve \$120,000 or more with any of our directors, officers, employees or significant stockholders (i.e., holders of 5% of our outstanding stock) or any immediate

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family member, as defined to include others sharing a household of any of the foregoing, which we refer to collectively as related persons, or any entity in which any of our related persons is employed or has with other related persons a collective interest in more than 5%, or in the case of a partnership, for which any of them serves as a general partner or is otherwise associated. Pursuant to our code of business conduct and ethics, directors, officers and employees must not enter into, develop or continue any such material transaction, arrangement or relationship without obtaining such prior audit committee approval. In addition, our chief financial officer reports all related party transactions, arrangements or relationships not subject to prior audit committee approval to our audit committee at regularly scheduled audit committee meetings. Further, under our code of business conduct and ethics, all instances involving such potential related party transactions, arrangements or relationships, regardless of the amount involved, are required to be reported to either our chief executive officer, chief operating officer or chief financial officer, who will assess the materiality of the transaction, arrangement or relationship and elevate the matter to the audit committee as appropriate.

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PROPOSAL 2 RATIFICATION OF INDEPENDENT AUDITORS

Description of Proposal

Our board of directors has appointed Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2012, and has further directed that the appointment of such independent auditors be submitted for ratification by our stockholders at the annual meeting. We have been advised by Ernst & Young LLP that neither that firm nor any of its associates has any relationship with us or our subsidiaries other than the usual relationship that exists between independent auditors and clients. Ernst & Young LLP will have a representative at the annual meeting who will have an opportunity to make a statement, if he or she so desires, and will be available to respond to appropriate questions.

Stockholder ratification of the appointment of Ernst & Young LLP as our independent auditors is not required by our charter or otherwise. However, our board of directors is submitting the appointment of Ernst & Young LLP to the stockholders for ratification as a matter of what it considers to be good corporate practice. Even if the appointment is ratified, our board of directors in its discretion may direct the appointment of different independent auditors at any time during the year if our board determines that such a change would be in our best interests.

Table of Contents**Independent Auditors Fees**

Aggregate fees we were billed for the fiscal years ended December 31, 2011 and 2010 by our independent auditors, Ernst & Young LLP, are as follows:

	Fiscal Year Ended December 31,	
	2011	2010
Audit fees(a)	\$ 962,400	\$ 1,012,400
Audit-related fees(b)	142,046	107,584
Total audit and audit-related fees	1,104,446	1,119,984
Tax fees(c)	256,500	219,340
All other fees		
Total(d)	\$ 1,360,946	\$ 1,339,324

- (a) Audit fees include amounts billed to us related to annual financial statement audit work, quarterly financial statement reviews and comfort letters on and review of SEC registration statements.
- (b) The audit-related fees include principally amounts billed to us related to due diligence and agreed upon procedures.
- (c) Tax fees include amounts billed to us primarily for tax planning and consulting, tax compliance and preparation and review of federal, state and local tax returns and tax fees related to REIT tax matters.
- (d) The amounts in the table do not include audit fees for 2011 and 2010 of \$296,280 and \$243,100, respectively, and tax fees of \$113,500 and \$71,625, respectively, relating to our third party investment management vehicles (CT Mezzanine Partners III, Inc., CT Large Loan 2006, Inc., CT Opportunity Partners I, LP and CT High Grade Partners II, LLC) and their subsidiaries.

The audit committee of our board of directors was advised of the services provided by Ernst & Young LLP that are unrelated to the audit of the annual fiscal year end financial statements and the review of interim financial statements and has considered whether the provision of such services is compatible with maintaining Ernst & Young LLP's independence as our independent auditors.

Audit Committee Pre-Approval Policy

In accordance with our audit committee pre-approval policy, all audit and non-audit services performed for us by our independent auditors were pre-approved by the audit committee of our board of directors, which concluded that the provision of such services by Ernst & Young LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

The pre-approval policy provides for categorical pre-approval of specified audit and permissible non-audit services and requires the specific pre-approval by the audit committee, prior to engagement, of such services, other than audit services covered by the annual engagement letter, that are individually estimated to result in an amount of fees that exceed \$100,000. In addition, services to be provided by the independent auditors that are not within the category of pre-approved services must be approved by the audit committee prior to engagement, regardless of the service being requested or the dollar amount involved.

Requests or applications for services that require specific separate approval by the audit committee are required to be submitted to the audit committee by both management and the independent auditors, and must include a detailed description of the services to be provided and a joint statement confirming that the provision of the proposed services does not impair the independence of the independent auditors.

The audit committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the audit committee at its next scheduled meeting. The audit committee does not delegate to management its responsibilities to pre-approve services to be performed by the independent auditors.

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Vote Required; Recommendation

The affirmative vote of a majority of the votes cast on the proposal at the annual meeting is required to ratify the appointment of Ernst & Young LLP as our independent auditors. **Our board of directors unanimously recommends that you vote for the ratification of Ernst & Young LLP as our independent auditors.**

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS*

Our board of directors' audit committee carries out oversight functions with respect to the preparation, review and audit of our financial statements, our system of internal controls and the qualifications, independence and performance of our internal auditor consultants and independent auditors and operates under a written charter adopted by the board of directors. The charter can be viewed, together with any future changes that may occur, on our website at www.capitaltrust.com. The audit committee has the sole authority and responsibility to select, evaluate and, as appropriate, replace our independent auditors. The audit committee members are independent within the meaning of the applicable New York Stock Exchange listing standards and Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

Our management is responsible for the development, maintenance and evaluation of internal controls and procedures and our financial reporting system, the maintenance of appropriate accounting and financial reporting principles or policies and the preparation of financial statements in accordance with generally accepted accounting principles. Our independent auditors perform an independent audit of our consolidated financial statements in accordance with generally accepted auditing standards and issue a report thereon. The audit committee's responsibility is to monitor and oversee the foregoing functions.

The audit committee has met and held discussions with management and the independent auditors with respect to our consolidated financial statements for fiscal year 2011 and related matters. Management advised the committee that our consolidated financial statements were prepared in accordance with generally accepted accounting principles and the committee has reviewed and discussed the consolidated financial statements with management and our independent auditors, Ernst & Young LLP. Our independent auditors presented to and reviewed with the audit committee the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees). Our independent auditors also provided to the committee the written disclosures and the letter from the auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence and in connection therewith the committee discussed with the independent auditors their views as to their independence. The audit committee also reviewed, among other things, the audit and non-audit services performed by, and the amount of fees paid for such services to, Ernst & Young LLP. The audit committee meetings regularly include executive sessions with our independent auditors without the presence of our management.

In undertaking its oversight function, the audit committee relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and on the representations of the independent auditors included in their report on our financial statements. The audit committee is not, however, professionally engaged in the practice of accounting or auditing and does not provide any expert or other special assurance or professional opinion as to the sufficiency of the external or internal audits, whether the company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or on the effectiveness of the system of internal control.

Based on the audit committee's considerations, discussions with management and discussion with the independent auditors as described above, the audit committee recommended to the board of directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the Securities and Exchange Commission.

Audit Committee

Lynne B. Sagalyn

Thomas E. Dobrowski

Henry N. Nassau

* The material in this report is not solicitation material, is not deemed filed with the Securities and Exchange Commission, and is not incorporated by reference in any filing of the company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any filing.

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ANNUAL REPORT

Our annual report to stockholders is being concurrently made available for distribution to our stockholders.

OTHER MATTERS

Our management does not know of any other matters to come before the annual meeting. If, however, any other matters do come before the annual meeting, it is the intention of the persons designated as proxies to vote in accordance with their discretion on such matters.

STOCKHOLDER PROPOSALS

If you wish to submit a stockholder proposal pursuant to Rule 14a-8 under the Exchange Act for inclusion in our proxy statement and proxy card for our 2013 annual meeting of stockholders, you must submit the proposal to our secretary no later than January 9, 2013. In addition, if you desire to bring business (including director nominations) before our 2013 annual meeting, you must comply with our bylaws, which currently require that you provide written notice of such business to our secretary no earlier than December 10, 2012 and no later than 5:00 p.m. Eastern time on January 9, 2013. For additional requirements, stockholders should refer to our bylaws, Article II, Section 12, Nominations and Proposals by Stockholders, a current copy of which may be obtained from our secretary. If we do not receive timely notice pursuant to our bylaws, any proposal may be excluded from consideration at the meeting, regardless of any earlier notice provided in accordance with Rule 14a-8.

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CAPITAL TRUST, INC.
410 PARK AVENUE, 14TH FLOOR
ATTN: GEOFFREY G. JERVIS
NEW YORK, NY 10022

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

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	For	Withhold	For All Except	
The Board of Directors recommends you vote	All	All		To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

FOR the following:

..	

1. Election of Directors Nominees

- | | | | | |
|----------------------|------------------------|----------------------|--------------------|--------------------|
| 01 Samuel Zell | 02 Thomas E. Dobrowski | 03 Martin L. Edelman | 04 Edward S. Hyman | 05 Henry N. Nassau |
| 06 Stephen D. Plavin | 07 Joshua A. Polan | 08 Lynne B. Sagalyn | | |

The Board of Directors recommends you vote FOR the following proposal:

For Against Abstain

- | | | | |
|---|----|----|----|
| 2 Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012. | .. | .. | .. |
|---|----|----|----|

NOTE: Such other business as may properly come before the meeting or any adjournment or postponement thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date
0000143463_1 R1.0.0.11699

Signature (Joint Owners) Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Notice & Proxy Statement is/are available at www.proxyvote.com.

CAPITAL TRUST, INC.

This proxy is solicited by the Board of Directors

Annual meeting of stockholders

6/20/2012 10:00 AM

The undersigned stockholder(s) hereby appoint(s) Stephen D. Plavin and Geoffrey G. Jervis, or either of them, as proxies for the undersigned, each with the full power to appoint his substitute, and hereby authorizes them to represent the undersigned and to vote, as designated on the reverse side of this proxy card, all of the shares of Class A Common Stock of CAPITAL TRUST, INC., a Maryland Corporation, that the stockholder(s) is/are entitled to vote at the annual meeting of stockholders to be held at 10:00 AM, EDT on 6/20/2012, at the offices of Paul Hastings LLP, 75 East 55th Street, New York, New York 10022, and any adjournment or postponement thereof. The undersigned hereby acknowledges receipt of The Notice of the Annual Meeting of Stockholders and of the accompanying Proxy Statement, the terms of each of which are incorporated by reference, and revokes any proxy heretofore given with respect to such meeting.

If you sign the proxy without otherwise indicating a vote on the proposals, this proxy will be voted FOR each of the nominees listed on the reverse side and FOR all proposals listed on the reverse side. The votes entitled to be cast by the undersigned will be last in the discretion of the proxy holder on any other matter that may properly come before the meeting or any adjournment or postponement thereof.

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Continued and to be signed on reverse side

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