

CAPITAL TRUST INC  
Form 8-K  
February 21, 2007  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 8-K**

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 15, 2007**

**CAPITAL TRUST, INC.**

(Exact Name of Registrant as specified in its charter)

**Maryland**

(State or other jurisdiction  
of incorporation)

**1-14788**

(Commission File  
Number)

**94-6181186**

(IRS Employer  
Identification No.)

**410 Park Avenue, 14th Floor, New York, NY 10022**

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(212) 655-0220**

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

(e) Effective February 15, 2007, the compensation committee (the Committee) of the board of directors (the Board) of Capital Trust, Inc. (the Company) approved payouts under award agreements to John R. Klopp, the Company's chief executive officer, and Stephen D. Plavin, the Company's chief operating officer in respect of a performance period for each that ended on December 31, 2006.

Effective February 15, 2007, the Committee approved a cash bonus of \$1,200,000 (the Klopp Cash Bonus) and a grant of \$750,000 of shares of restricted and performance stock (the Klopp Stock Grant) payable to Mr. Klopp pursuant to an award agreement granting performance units, dated March 30, 2006 (the Klopp Award). Under the Klopp Award, with respect to both the Klopp Cash Bonus and the Klopp Stock Grant, the performance measures to determine qualification for such awards consisted of (i) dividends declared, (ii) gross originations, (iii) net income per share, (iv) return on average common equity and (v) fund equity raised, weighted 30%, 20%, 20%, 20% and 10%, respectively. The Klopp Award provided for an annual cash bonus opportunity ranging from 100% of base salary at threshold performance to 200% of base salary at maximum performance, with a target of 150% of base salary at target performance. In addition, Mr. Klopp was eligible to earn shares of restricted stock and performance stock, subject to future vesting, with a value ranging from \$250,000 at threshold performance to \$750,000 at maximum performance, with a target of \$500,000 at target performance. The restricted stock component of the Klopp Stock Grant, represents 50% of the shares earned, and will vest in equal installments over the three year period commencing on January 1, 2007 and ending on December 31, 2009 and the performance stock, representing 50% of the shares earned, will vest on December 31, 2010 provided that the total shareholder return during the vesting period is at least 13% per annum.

Effective February 15, 2007, the Committee approved a cash bonus of \$1,000,000 (the Plavin Cash Bonus) payable to Mr. Plavin pursuant to an award agreement granting a performance unit, dated March 30, 2006 (the Plavin Award). Under the Plavin Award the performance measures to determine qualification for the Plavin Cash Bonus consisted of (i) dividends declared, (ii) gross originations, (iii) net income per share, (iv) return on average common equity and (v) fund equity raised, weighted 25%, 30%, 20%, 20% and 5%, respectively. The Plavin Award provided for an annual cash bonus opportunity ranging from 100% of base salary at threshold performance to 200% of base salary at maximum performance, with a target of 150% of base salary at target performance.

Effective February 15, 2007, the Committee also granted a discretionary cash bonus to Thomas C. Ruffing, the chief credit officer and head of asset management of the Company, of \$300,000. Mr. Ruffing's employment agreement with the Company provided for a 2006 annual bonus in such amount to be determined by the Board but in no event less than \$250,000.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CAPITAL TRUST, INC.**

By: /s/ Geoffrey G. Jervis  
Name: Geoffrey G. Jervis  
Title: Chief Financial Officer

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Date: February 21, 2007