

CAPSTEAD MORTGAGE CORP  
Form DEF 14A  
April 13, 2016

---

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

Capstead Mortgage Corporation  
(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

---

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

---

---

---

Notice of Annual Meeting of Stockholders

To Be Held May 25, 2016

To the stockholders of  
CAPSTEAD MORTGAGE CORPORATION:

On behalf of our board of directors, I am pleased to invite you to attend the 2016 Annual Meeting of Stockholders of Capstead Mortgage Corporation, a Maryland corporation, to be held at 8401 North Central Expressway, Suite 220, Dallas, Texas 75225-4404 on Wednesday, May 25, 2016 beginning at 1:00 p.m., Central Time, for the following purposes:

- (1) To elect eight directors to hold office until our next annual meeting of stockholders and until their successors are elected and qualified;
- (2) To approve on an advisory (non-binding) basis our 2015 executive compensation;
- (3) To approve the Capstead Mortgage Corporation Third Amended and Restated Incentive Bonus Plan;  
and
- (4) To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

In the discretion of the proxies, our annual meeting may include the transacting of any other business that may properly come before the meeting or any adjournment of the meeting.

**\*\* PLEASE VOTE NOW \*\* YOUR VOTE IS IMPORTANT \*\* PLEASE VOTE NOW \*\***

Stockholders of record at the close of business on March 28, 2016 will be entitled to notice of and to vote at our annual meeting of stockholders. It is important your shares are represented at our annual meeting regardless of the size of your holdings. Whether or not you plan to attend the meeting in person, please vote your shares as promptly as possible via the internet, by telephone, or by signing, dating and returning your proxy card. Voting promptly saves us the expense of a second mailing or telephone campaign, and reduces the risk that the meeting is adjourned because of the lack of a quorum. Voting via the internet or by telephone helps reduce postage and proxy tabulation costs. See the "Voting" section of this proxy statement for a description of voting methods.

Stockholders please note that New York Stock Exchange regulations require you to vote this proxy in order for your shares to be counted. Your broker will not have any discretion to vote your shares on your behalf for these matters without direction from you.

**PLEASE DO NOT MAIL YOUR PROXY CARD IF YOU VOTE BY INTERNET OR TELEPHONE.**

By order of our board of directors,  
Phillip A. Reinsch  
Secretary  
8401 North Central Expressway, Suite 800  
Dallas, Texas 75225-4404  
April 13, 2016



TABLE OF CONTENTS

TABLE OF CONTENTS

<u>Introduction</u>	1	
<u>Forward-Looking Statements</u>	1	
<u>General Information About Voting</u>	2	
<u>Solicitation of Proxies</u>	2	
<u>Voting Securities</u>	2	
<u>Voting</u>	2	
<u>Counting of Votes</u>	2	
<u>Right to Revoke Proxy</u>	3	
<u>Notice of Electronic Availability of Proxy Materials</u>	3	
<u>Multiple Stockholder Sharing the Same Address</u>	3	
<u>Voting Results</u>	3	
<u>Proposal One — Election of Directors</u>	4	
<u>Board of Directors and Committee Information</u>	7	
<u>Attendance at Annual Meeting</u>	7	
<u>Board Member Independence</u>	7	
<u>Charitable Contributions</u>	7	
<u>Board Member Compensation</u>	8	
<u>Leadership Structure</u>	9	
<u>Our Board’s Role in Risk Oversight</u>	9	
<u>Stock Ownership Guidelines and Pledging Limitation</u>	9	
<u>Derivatives Trading and Hedging Policy</u>	9	
<u>Board Committees and Meetings</u>	10	
<u>Compensation Committee Interlocks and Insider Participation</u>	11	
<u>Meetings of Non-Management Directors</u>	11	
<u>Our Corporate Governance Principles</u>	12	
<u>Considerations for Nomination</u>	12	
<u>Service on Other Boards</u>	12	
<u>Majority Vote Standard</u>	13	
<u>Mandatory Resignation</u>	13	
<u>Other Governance Information</u>	13	
<u>Stockholder Procedures for Director Candidate Recommendations</u>	13	
<u>Interested Party and Stockholder Communication with our Board</u>	14	
<u>Director Orientation and Continuing Education</u>	14	
<u>Annual Board Evaluation and Individual Director Self-Evaluations</u>	14	
<u>Executive Officers</u>	14	
<u>Executive Compensation</u>	15	
<u>Compensation Discussion and Analysis</u>	15	
<u>Executive Summary</u>	15	
<u>Previous Say-on-Pay Votes</u>	16	
<u>What We Pay and Why</u>	16	
<u>Our Philosophy</u>	16	
<u>The Role of the Committee, Its Consultant, the CEO and Management in Making Compensation Decisions</u>	17	
<u>Our Use and the Role of Peer Companies</u>	17	
<u>Objectives of Our Program</u>	18	
<u>Review of 2015 Total Direct Compensation</u>	19	
<u>Base Salary</u>	19	

<u>Short-Term Incentives</u>	19
<u>Long-Term Incentives</u>	23
<u>Other 2015 Compensation Elements</u>	24
<u>Decisions Affecting Compensation for 2016</u>	24
<u>Other Compensation Policies and Practices</u>	25
<u>Compensation Committee Report</u>	26
<u>Summary Compensation Table</u>	27
<u>Grants of Plan-Based Awards</u>	29
<u>Outstanding Equity Awards at Fiscal Year-End</u>	31
<u>Option Exercises and Stock Vested</u>	32
<u>Nonqualified Deferred Compensation</u>	32
<u>Potential Payments Upon Termination or Change-in-Control</u>	33
<u>Equity Compensation Plans</u>	34
<u>Audit Committee</u>	35
<u>Audit Committee Report</u>	35
<u>Security Ownership of Management and Certain Beneficial Owners</u>	36
<u>Security Ownership of Management</u>	36
<u>Security Ownership of Certain Beneficial Owners</u>	37
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	37
<u>Proposal Two — Advisory (Non-Binding) Vote on Executive Compensation</u>	38
<u>Proposal Three — Approval of the Capstead Mortgage Corporation Third Amended and Restated Incentive Bonus Plan</u>	39
<u>Proposal Four — Ratification of the Appointment of Ernst &amp; Young LLP as our Independent Registered Public Accounting Firm</u>	40
<u>Related Person Transactions</u>	41
<u>Stockholder Proposals</u>	41
<u>Other Matters</u>	41
<u>Additional Information</u>	42

---

Table of Contents

FORWARD-LOOKING STATEMENTS

CAPSTEAD MORTGAGE CORPORATION

8401 North Central Expressway, Suite 800

Dallas, Texas 75225-4404

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 25, 2016

This proxy statement, together with the proxy, is solicited by and on behalf of the board of directors of Capstead Mortgage Corporation, a Maryland corporation, for use at our annual meeting of stockholders to be held on May 25, 2016 at 8401 North Central Expressway, Suite 220, Dallas, Texas beginning at 1:00 p.m., Central Time. Our board is requesting you to allow your shares to be represented and voted at our annual meeting by the proxies named on the proxy card. “We,” “our,” “us,” and “Capstead” each refers to Capstead Mortgage Corporation. A notice regarding the internet availability of this proxy statement and our 2015 annual report will first be mailed to stockholders on or about April 13, 2016. This proxy statement will be available on our website at that time. See the “Notice of Electronic Availability of Proxy

Materials” section of this proxy statement for more information.

At our annual meeting, action will be taken to elect eight directors to hold office until the next annual meeting and until their successors are elected and qualified (proposal 1); to hold an advisory vote on executive compensation (proposal 2); to approve the Capstead Mortgage Corporation Third Amended and Restated Bonus Plan (proposal 3); and to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 (proposal 4). In the discretion of the proxy holders, proxies may be voted on any other business that may properly come before the meeting or any adjournment of the meeting.

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words “believe,” “anticipate,” “expect,” “estimate,” “intend,” “will be,” “will likely continue,” “will likely result,” or words or phrases of similar meaning. Forward-looking statements are based largely on the expectations of our management and are subject to a number of risks and uncertainties including, but not limited to, the following:

- changes in general economic conditions;
- fluctuations in interest rates and levels of mortgage prepayments;
- the effectiveness of risk management strategies;
- the impact of differing levels of leverage employed;
- liquidity of secondary markets and credit markets;
- the availability of financing at reasonable levels and terms to support investing on a leveraged basis;
- the availability of new investment capital;

- the availability of suitable qualifying investments from both an investment return and regulatory perspective;
- changes in legislation or regulation affecting Fannie Mae, Freddie Mac, Ginnie Mae, the Federal Home Loan Bank system and similar federal government agencies and related guarantees;
- other changes in legislation or regulation affecting the mortgage and banking industries;
- changes in market conditions as a result of Federal Reserve monetary policy or federal government fiscal challenges;
- deterioration in credit quality and ratings of existing or future issuances of Fannie Mae, Freddie Mac or Ginnie Mae securities;
- changes in legislation or regulation affecting exemptions for mortgage REITs from regulation under the Investment Company Act of 1940; and
- increases in costs and other general competitive factors.

In addition to the above considerations, actual results and liquidity are affected by other risks and uncertainties which could cause actual results to be significantly different from those expressed or implied by any forward-looking statements included herein. It is not possible to identify all of the risks, uncertainties and other factors that may affect future results. In light of these risks and uncertainties, the forward-looking events and circumstances discussed herein may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Forward-looking statements speak only as of the date the statement is made and Capstead undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, readers of this document are cautioned not to place undue reliance on any forward-looking statements included herein.



Table of Contents

GENERAL INFORMATION ABOUT VOTING

GENERAL INFORMATION ABOUT VOTING

Solicitation of Proxies

---

The enclosed proxy is solicited by and on behalf of our board. We will bear the expense of soliciting proxies for our annual meeting, including the mailing cost. In addition to solicitation by mail, our officers or a company of our designation may solicit proxies from our stockholders by telephone, e-mail, facsimile or personal interview. Our officers receive no additional compensation for such services.

We intend to request persons holding our common shares in their name or custody, or in the name of a nominee, to send a notice of internet availability of proxy materials to their principals and request authority for the execution of the proxies. We will reimburse such persons for their expense in doing so. We will also use the proxy solicitation services of Georgeson Inc. For such services, we will pay a fee that is not expected to exceed \$6,500 plus out-of-pocket expenses.

Voting Securities

---

Our common stock is our only equity security entitled to general voting rights. Each share of common stock entitles the holder to one vote. As of March 28, 2016, there were 95,947,090 shares of common stock outstanding and all are entitled to vote for matters coming before our annual meeting. Only common stockholders of record at the close of business on March 28, 2016 are entitled to vote at the meeting or any adjournment of the meeting.

Voting

---

If you hold shares of our common stock in your own name as a holder of record, you may instruct the proxies to vote your shares through any of the following methods:

• via the internet by logging on to [www.eproxy.com/cmo](http://www.eproxy.com/cmo) to gain access to the voting site and to authorize the proxies to vote your shares;

• by calling our transfer agent Wells Fargo at 1-800-560-1965 and following the prompts; or

• by signing, dating and mailing the proxy card in the postage-paid envelope provided.

Our counsel has advised us these three voting methods are permitted under the corporate law of Maryland, the state in which we are incorporated.

The deadline for internet and telephone voting is 11:59 p.m., Central Time, on May 24, 2016. If you prefer, you may bring your proxy to our annual meeting to vote your shares in person.

If a broker, bank or other nominee holds shares of our common stock on your behalf, the voting instructions above do not apply to you. You will receive voting instructions from them.

Counting of Votes

---

A quorum will be present at our annual meeting if the holders of a majority of our outstanding shares of common stock are present, in person or by proxy. If you have returned valid voting instructions or if you hold your shares in your own name as a holder of record and attend the meeting in person with your proxy, your shares will be counted for the purpose of determining whether there is a quorum. If a quorum is not present, the meeting may be postponed or adjourned until a quorum has been obtained.

The affirmative vote of a majority of all the votes cast at the annual meeting is required to elect each nominee to our board (proposal 1), approve on an advisory (non-binding) basis our 2015 executive compensation (proposal 2), approve the Capstead Mortgage Corporation Third Amended and Restated Incentive Bonus Plan (proposal 3), and ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016 (proposal 4). Unless otherwise required by Maryland or other applicable law, the affirmative vote of a majority of all votes cast is also required to approve any other matter brought to a vote at the meeting.

Brokers holding shares beneficially owned by their clients do not have the ability to cast votes with respect to any non-routine matter, including (i) votes to elect our directors; (ii) votes regarding annual compensation; or (iii) votes adopting, extending, or amending compensation plans (proposals 1, 2 and 3); unless the brokers have received instructions from the beneficial owners of the shares. It is therefore important that you provide instructions to your broker so that your shares will be counted in these matters.

Brokers may vote at their discretion on all routine matters (i.e. the ratification of the appointment of our independent registered public accounting firm). Broker non-votes occur when a broker, bank or other nominee holding shares on your behalf votes the shares on some matters but not others. We will treat broker non-votes as shares present and voting for quorum purposes and votes not cast in any non-routine matter, including proposals 1, 2 and 3.

Abstentions, broker non-votes and withheld votes will have no effect on the outcome of the votes on proposals 1, 2 and 3 assuming that a quorum is obtained.

If you sign and return your proxy card without giving specific voting instructions, your shares will be voted as recommended by our board.

## 2 Capstead 2016 Proxy Statement

---

Table of Contents

GENERAL INFORMATION ABOUT VOTING

Right to Revoke Proxy

---

You must meet the same deadline when revoking your proxy as when voting your proxy. See the “Voting” section of this proxy statement for more information. If you hold shares of our common stock in your own name as a holder of record, you may revoke your proxy instructions through any of the following methods:

• by notifying our secretary in writing of your revocation before your shares have been voted;

• by signing, dating and mailing a new proxy card to Wells Fargo;

• by calling Wells Fargo at 1-800-560-1965 and following the prompts;

• via the internet by logging on to [www.eproxy.com/cmo](http://www.eproxy.com/cmo) and following the prompts; or

• by attending our annual meeting with your proxy and voting your shares in person.

If your shares are held on your behalf by a broker, bank or other nominee, you must contact them to receive information on revoking your proxy.

Notice of Electronic Availability of Proxy Materials

---

On or about April 13, 2016, we mailed our stockholders a notice with instructions on accessing these materials and voting online as permitted by the Securities and Exchange Commission (“SEC”). If you received a notice, you will not receive a hard copy of the proxy materials unless you request them. If you would like to receive a hard copy of our proxy materials, follow the instructions on the notice.

Multiple Stockholders Sharing the Same Address

---

SEC rules and Maryland corporate law allow for householding, which is the delivery of a single copy of an annual report and proxy statement, or notice of electronic availability, to any household at which two or more stockholders reside, if it is believed the stockholders are members of the same family. Duplicate mailings are eliminated by allowing stockholders to consent to such elimination or through implied consent if a stockholder does not request continuation of duplicate mailings. Depending upon the practices of your broker, bank or other nominee, you may be required to contact them directly to discontinue duplicate mailings to your household. If you wish to revoke your consent to householding, you must contact your broker, bank or other nominee. If you hold shares of our common stock in your own name as a holder of record and would like to request householding, please contact our transfer agent, Wells Fargo, at (866) 870-3684.

Extra copies of our annual report and proxy statement may be obtained free of charge by sending a request to Capstead Mortgage Corporation, Attention: Stockholder Relations, 8401 North Central Expressway, Suite 800, Dallas, Texas, 75225-4404. You can also obtain copies on our website at [www.capstead.com](http://www.capstead.com), [www.capstead.reit](http://www.capstead.reit) or by calling

us toll-free at (800) 358-2323, extension 2339.

#### Voting Results

---

Voting results will be announced at our annual meeting and a detail of the voting results will be published in a Form 8-K filed with the SEC within four business days of the meeting.

Capstead 2016 Proxy Statement 3

---

Table of Contents

PROPOSAL ONE – ELECTION OF DIRECTORS

PROPOSAL ONE – ELECTION OF DIRECTORS

One of the purposes of our annual meeting is to elect eight directors to hold office until the next annual meeting and until their successors have been elected and qualified. In order to understand each nominee's qualifications to serve as a director, it is important to first review our investment strategy.

We operate as a self-managed REIT for federal income tax purposes and earn income from investing in a leveraged portfolio of residential mortgage pass-through securities consisting almost exclusively of relatively short-duration adjustable-rate mortgage ("ARM") securities issued and guaranteed by Fannie Mae or Freddie Mac, or by an agency of the federal government, Ginnie Mae. Duration is a common measure of market price sensitivity to interest rate movements. A short duration generally indicates less interest rate risk.

Set forth below for each director nominee is the name, age, principal occupation, the date elected to our board, board committee memberships held, the number of shares of common stock beneficially held, directorships held with other public companies and certain other biographical information necessary to provide you with a more complete understanding of the experiences, qualifications, attributes or skills of the nominees.

Also provided below is a brief discussion of our considerations for recommending each of the nominees for director. For discussion of beneficial ownership, see the "Security Ownership of Management and Certain Beneficial Owners" section of this proxy statement. If any nominee becomes unable to stand for election as a director, an event we do not presently expect, the proxy will be voted for a replacement nominee if our board designates one.

The board recommends a vote FOR all nominees.

Nominees for Director

John L. (Jack) Bernard\* Age 61 Director since September 2012 Shares of common stock beneficially owned:  
31,000  
Executive Director, Renew Financial

Member: Audit and Governance & Nomination Committees

Professional Experience: Mr. Bernard is an executive director and member of the board of Renew Financial, a private company focused on the development of innovative finance and technology solutions to clean energy since 2008. From 2005 to 2007 Mr. Bernard was managing director of OceanTomo responsible for an intellectual property fund and from 2003 to 2004 was managing director for Coastal Capital responsible for an intellectual property sale/leaseback fund. From 1993 to 2002 Mr. Bernard held senior roles at Dresdner RCM Capital Management including managing mortgage, asset-backed and corporate investments held in domestic institutional portfolios, managing a closed end fixed-income fund and other global credit investment responsibilities. Mr. Bernard worked at Merrill Lynch, Pierce, Fenner & Smith Incorporated from 1984 to 1993 in the mortgage securities trading division with responsibilities for originating, trading and hedging collateralized mortgage obligations, as well as managing a proprietary position in mortgage derivatives.

Consideration for Recommendation: Mr. Bernard has extensive experience in capital markets and investment management activities having managed and traded mortgage securities and other fixed-income positions for major investment banking firms. He continues to be involved in these markets and various real estate-related activities on a personal and professional basis. Mr. Bernard serves as a member of our governance & nomination and our audit

committees.

Jack Biegler\* Age 72    Director since June 2005                      Shares of common stock beneficially owned: 79,500  
Private Investor

Chairman of the Board  
Chairman: Executive Committee  
Member: Compensation Committee

Professional Experience: Mr. Biegler has served as our chairman of the board since April 2009. Mr. Biegler served as president of Ellison Management LLC from 1996 until his retirement in 2009. From 1980 until its sale in 1996, Mr. Biegler served as chief financial officer (“CFO”) of Ray Ellison Industries, which was involved in the development and construction of single-family homes in San Antonio, Texas.

Consideration for Recommendation: Mr. Biegler worked as a CFO in the single-family homebuilding business for a significant portion of his career and he continues to be involved in various real estate-related activities on a personal basis. Recognizing the depth of his accounting, financial and real estate-related experience, Mr. Biegler serves as our chairman of the board, chairman of our executive committee and as a member of our compensation committee.

4    Capstead 2016 Proxy Statement

---

Table of Contents

PROPOSAL ONE – ELECTION OF DIRECTORS

Michelle P. Goolsby\* Age 58 Director since June 2012 Shares of common stock beneficially owned: 28,090  
Partner, Greenmont Capital Partners II

Chair: Compensation Committee

Member: Audit Committee

Professional Experience: Ms. Goolsby has been a partner and investment committee member for Greenmont Capital Partners II, a private equity firm, since 2008. From 1998 to 2008 Ms. Goolsby served as an executive vice president of Dean Foods Company (NYSE: DF) where she was responsible for corporate development, legal, corporate governance, ethics and compliance, government relations and corporate affairs. Prior to 1998 Ms. Goolsby provided legal representation for public and privately-held entities, including real estate investment trusts, in connection with securities offerings, financings, mergers, acquisitions and divestitures. Ms. Goolsby serves as a director of WhiteWave Foods Company (NYSE: WWAV), a consumer packaged food and beverage company, and SACHEM, Inc., a privately-held chemical science company.

Consideration for Recommendation: Ms. Goolsby brings a diverse background of executive leadership experience, and has worked extensively with management teams and boards on matters involving risk management, strategy, compensation and corporate governance. In addition, she has significant experience in corporate financings and other capital markets transactions, including transactions on behalf of public and privately-held real estate entities. Ms. Goolsby serves as chair of our compensation committee and as a member of our audit committee.

Andrew F. Jacobs Age 56 Director since July 2003 Shares of common stock beneficially owned: 555,145  
President and Chief Executive Officer

Member: Executive Committee

Professional Experience: Mr. Jacobs has been with Capstead Mortgage Corporation since 1988. He was elected to the board in 2003 and has served as our president and Chief Executive Officer (“CEO”) since 2003. Prior thereto, Mr. Jacobs served as our executive vice president of finance from 1998 to 2003, and has served in various other executive positions with us since 1988. Mr. Jacobs previously served as a member of the executive board of the National Association of Real Estate Investment Trusts (“NAREIT”) and was founding chairman of NAREIT’s Council of Mortgage REITs; is a member of the executive committee of the Chancellor’s Council of the University of Texas System; and is a member of the advisory council of the McCombs School of Business, the advisory council of the Department of Accounting at the McCombs School of Business, and the executive council of the Real Estate Finance and Investment Center at the McCombs School of Business, each at the University of Texas at Austin. Mr. Jacobs is a Certified Public Accountant.

Consideration for Recommendation: Mr. Jacobs has served in an executive capacity for us since 1988. Recognizing the depth of his experience in the mortgage REIT industry over an extended period of time, Mr. Jacobs serves as our president and CEO and as a member of our executive committee.

Gary Keiser\* Age 72 Director since January 2004 Shares of common stock beneficially owned: 49,023  
Private Investor

Chairman: Audit Committee

Member: Compensation Committee

Edgar Filing: CAPSTEAD MORTGAGE CORP - Form DEF 14A

Professional Experience: Mr. Keiser served as an audit partner at Ernst & Young LLP from 1980 until his retirement in 2000. Mr. Keiser began his career with Ernst & Young LLP in 1967. He also serves on several governmental, non-profit and private company boards.

Consideration for Recommendation: Mr. Keiser worked in the public accounting profession for his entire career, focusing a significant amount of his time on real estate and real estate finance clients. Recognizing the depth of his accounting, mortgage banking and real estate experience, Mr. Keiser serves as chairman of our audit committee and as a member of our compensation committee.

Capstead 2016 Proxy Statement 5

---



Table of Contents

PROPOSAL ONE – ELECTION OF DIRECTORS

Christopher W. Mahowald\* Age 54 Director since June 2005 Shares of common stock beneficially owned: 169,259  
Managing Partner, RSF Partners

Member: Governance & Nomination Committee

Professional Experience: Mr. Mahowald is the managing partner of RSF Partners, a series of six real estate private equity funds totaling over \$500 million in equity since its formation in 1997. Prior to forming RSF, Mr. Mahowald was a partner with the Robert M. Bass Group where he was a founding principal in several real estate-related private equity funds, including the Brazos Fund, the Lone Star Opportunity Fund and Colony Capital. Prior to joining the Bass Group, he was a principal for the Trammell Crow Company. Mr. Mahowald serves or has served on the board for a number of private and public companies including American Security Products, IMPAC Commercial Holdings and Omega Healthcare (NYSE: OHI). He is a lecturer in finance at the Stanford Graduate School of Business and serves on several non-profit boards including Stanford University's DAPER Investment Fund and Teach for America (Dallas/Fort Worth region).

Consideration for Recommendation: Mr. Mahowald has worked in or managed a number of different real estate finance and equity funds over his career. Recognizing the depth of this experience, Mr. Mahowald serves as a member of our governance & nomination committee.

Michael G. O'Neil\* Age 73 Director since April 2000 Shares of common stock beneficially owned: 61,104  
Private Investor

Chairman: Governance & Nomination Committee  
Member: Audit and Executive Committees

Professional Experience: Until retiring in 2001, Mr. O'Neil was a director in the investment banking division of Merrill Lynch, Pierce, Fenner & Smith Incorporated, an investment banking firm, where he had been employed since 1972. In 2009, Mr. O'Neil retired from the board at Massively Parallel Technologies, Inc., a private software technology company specializing in high-speed computing. He also served on the board of MobilePro Corp. from 2004 to 2008, a then publicly traded company.

Consideration for Recommendation: Mr. O'Neil worked for a major investment banking firm his entire career, focusing on debt and equity transactions involving U.S. and foreign corporations and U.S. Treasury and mortgage-related securities and various real estate-related entities. He represented his firm as lead underwriter for our initial public offering in 1985. Recognizing the depth of his capital markets experience, and knowledge of a broad spectrum of security types, Mr. O'Neil serves as chairman of our governance & nomination committee and as a member of our audit and executive committees.

Mark S. Whiting\* Age 59 Director since April 2000 Shares of common stock beneficially owned: 64,800  
Chairman and Chief Executive Officer,  
Drawbridge Realty Partners, LP

Member: Compensation Committee

Professional Experience: Mr. Whiting has served as chairman and CEO of Drawbridge Realty Partners, LP, a private commercial property investment firm based in San Francisco, California since its formation in December 2014. Prior

to that Mr. Whiting was the chairman and CEO of Drawbridge Realty Trust since January 2012. He served as the managing partner of Drawbridge Partners, LLC, the predecessor company, since 1999. Mr. Whiting served on the board and as CEO of TriNet Corporate Realty Trust, Inc., a NYSE-listed commercial property REIT, from 1996 through 1998 and served on the board and as president and chief operating officer of TriNet from 1993 to 1996. Mr. Whiting currently serves on the board of The Marcus & Millichap Company, a private real estate investment brokerage firm. Mr. Whiting is a member of the Stanford University Real Estate Council and previously served as a member of the Stanford University Athletic Board and the board of trustees of the Cate School.

- Consideration for Recommendation: Mr. Whiting is currently serving as the CEO of a private commercial property investment firm and previously served as the CEO of a publicly traded REIT. Recognizing the depth of his real estate-related experience and having served as a CEO of a public company, Mr. Whiting is a member of our compensation committee.

---

\* Indicates an independent director in compliance with Section 303A.02 "Independence Tests" of the New York Stock Exchange ("NYSE") Listed Company Manual and our Board of D