



Arbor Realty Trust, Inc.

**SUPPLEMENT TO NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS  
AND PROXY STATEMENT**

**Annual Meeting**

This Supplement provides updated information with respect to the 2012 Annual Meeting of Stockholders (the “Meeting”) of Arbor Realty Trust, Inc. (the “Company”) to be held on May 23, 2012, at 1:00 p.m. (local time), at the Teleconference Center on the lower level of 333 Earle Ovington Boulevard, Uniondale, New York, for the purposes set forth in the Notice of Annual Meeting of Stockholders, dated April 20, 2012, and the accompanying Proxy Statement (together, the “Proxy Statement”).

The Proxy Statement; the Notice of Internet Availability of Proxy Materials (the “Internet Notice”) and proxy card or voting instruction form were mailed on or about April 20, 2012 to all stockholders entitled to vote at the Meeting. Except as specifically amended or supplemented by the information contained in this Supplement, all information set forth in the Proxy Statement and the Internet Notice remains accurate and should be considered in voting your shares.

**Compensation Committee Approval of 2011 Bonus and 2012 Compensation Levels for Ivan Kaufman, the Company’s Chief Executive Officer and the Chairman of the Company’s Board of Directors**

On May 2, 2012, the Company’s “independent directors” (as such term is defined under applicable New York Stock Exchange corporate governance rules) approved the payment by the Company of a \$1,000,000 cash bonus to Mr. Ivan Kaufman with respect to his work on behalf of the Company for the year ended December 31, 2011. A revised Executive Compensation table, taking into account Mr. Kaufman’s 2011 cash bonus, is set forth below:

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)(1)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Ivan Kaufman . . . . .	2011	\$800,000(2)	\$ 1,000,000(2)	\$ 0	\$ 0(2)	\$1,800,000
Chief Executive Officer	2010	\$800,000(2)	\$ 0(2)	\$ 0	\$ 0(2)	\$ 800,000
and President	2009	\$800,000(2)	\$ 0(2)	\$ 0	\$ 0(2)	\$ 800,000
Paul Elenio . . . . .	2011	\$300,000(2)	\$ 320,000(2)	\$171,500	\$ 4,423(2)	\$ 795,923
Chief Financial Officer	2010	\$318,750(2)	\$ 318,750(2)	\$ 0	\$ 4,279(2)	\$ 641,779
	2009	\$270,000(2)	\$ 135,000(2)	\$ 39,300	\$18,927(2)	\$ 463,227
Fred Weber . . . . .	2011	\$500,000	\$ 2,000,000	\$ 68,600	\$ 6,225(3)	\$2,574,825
Executive Vice President—	2010	\$500,000	\$ 2,000,000	\$ 0	\$ 5,922(3)	\$2,505,922
Structured Finance	2009	\$500,000	\$ 2,000,000(2)	\$ 39,300	\$87,099(3)	\$2,626,399
Gene Kilgore . . . . .	2011	\$500,000	\$ 900,000	\$257,250	\$ 5,817(4)	\$1,663,067
Executive Vice President—	2010	\$500,000	\$ 1,276,303	\$ 0	\$ 5,274(4)	\$1,781,577
Structured Securitization	2009	\$500,000	\$ 600,000	\$ 39,300	\$45,873(4)	\$1,185,173
John Felletter . . . . .	2011	\$225,000	\$ 275,000	\$ 34,300	\$ 6,090(5)	\$ 540,390
Senior Vice President—	2010	\$225,000	\$ 275,000	\$ 0	\$ 5,355(5)	\$ 505,355
Asset Management	2009	\$225,000	\$ 275,000	\$ 19,650	\$ 4,163(5)	\$ 523,813

(1) Represents the aggregate grant date fair value of restricted common stock awards granted in 2011 and 2009, determined in accordance with FASB ASC Topic 718. No stock awards were granted to executive officers in 2010. See “Executive Compensation—Compensation Discussion and Analysis—Forms of Compensation—Stock-Based Awards for 2011” for further information on stock awards.

- (2) Messrs. Kaufman and Elenio do not receive cash compensation or benefits directly from us for serving as our executive officers. They are employed and directly compensated by our Manager, Arbor Commercial Mortgage, which was reimbursed \$800,000 and \$620,000 in cash as the Company's allocable portion of the annual compensation payable to Messrs. Kaufman and Elenio, respectively, in 2011, \$800,000 and \$637,500 in cash as the Company's allocable portion of the annual compensation payable to Messrs. Kaufman and Elenio, respectively, in 2010 and \$800,000 and \$405,000 in cash as the Company's allocable portion of the annual compensation payable to Messrs. Kaufman and Elenio, respectively, as well as a \$450,000 bonus payable to Mr. Weber in 2009. In addition, the Company's independent directors approved the payment by the Company to Mr. Kaufman of a \$1,000,000 cash bonus with respect to his work on behalf of the Company for the year ended December 31, 2011. Mr. Elenio also received \$4,116 for matching contributions to his 401(k) plan and \$307 for basic term life insurance for 2011, \$3,749 for matching contributions to his 401(k) plan and \$530 for basic term life insurance for 2010 and a \$15,187 reimbursement for taxes personally paid in 2009 upon the acceleration of the vesting of restricted stock, \$3,308 for matching contributions to his 401(k) plan and \$432 for basic term life insurance for 2009, reimbursed by us.
- (3) Amounts for 2011 represent \$5,145 for Company matching contributions to the 401(k) plan and \$1,080 for basic term life insurance; amounts for 2010 represent \$4,410 for Company matching contributions to the 401(k) plan and \$1,512 for basic term life insurance; amounts for 2009 represent a \$81,912 reimbursement for taxes personally paid in 2009 upon the acceleration of the vesting of restricted stock, \$3,675 for Company matching contributions to the 401(k) plan and \$1,512 for basic term life insurance.
- (4) Amounts for 2011 represent \$5,145 for Company matching contributions to the 401(k) plan and \$672 for basic term life insurance; amounts for 2010 represent \$4,410 for Company matching contributions to the 401(k) plan and \$864 for basic term life insurance; amounts for 2009 represent a \$41,334 reimbursement for taxes personally paid in 2009 upon the acceleration of the vesting of restricted stock, \$3,675 for Company matching contributions to the 401(k) plan and \$864 for basic term life insurance.
- (5) Amounts for 2011 represent \$5,145 for Company matching contributions to the 401(k) plan and \$945 for basic term life insurance; amounts for 2010 represent \$4,410 for Company matching contributions to the 401(k) plan and \$945 for basic term life insurance; amounts for 2009 represent \$3,375 for Company matching contributions to the 401(k) plan and \$788 for basic term life insurance.

The Company's independent directors also set the amount of Mr. Kaufman's 2012 base salary payable by the Company at \$1,000,000, a \$200,000 increase from the amount of his 2011 base salary payable by the Company. This amount represents the portion of the total cash amount payable by Arbor Commercial Mortgage, the Company's external manager, to Mr. Kaufman that the Company will reimburse its manager for pursuant to the cost reimbursement provisions of the Company's management agreement with its external manager. In addition, the Compensation Committee established that Mr. Kaufman's 2012 bonus potential payable by the Company would be \$1,000,000. The ultimate amount of cash bonus paid to Mr. Kaufman for 2012 will be subject to the evaluation of Mr. Kaufman's performance during 2012 by the Company's independent directors.

#### **Voting; Revocability of Proxies**

**If you have already submitted a proxy to vote your shares, either by returning a completed proxy card or voting instruction form or by internet or telephone voting, you do not need to re-submit your proxy unless you wish to change your vote.** Proxy votes already returned by stockholders will remain valid and will be voted at the Meeting unless revoked. Shares represented by proxy votes submitted

before the Meeting will be voted for the director nominees and designees submitted by the Board of Directors and described in the Proxy Statement.

If you have not yet voted your shares, please do so as soon as possible. You may vote by following the instructions for voting on the Internet Notice or by completing, signing, dating and returning your proxy card or voting instruction form or voting by internet or telephone as described in the Proxy Statement. Stockholders may revoke any previously delivered voting proxy at any time before it is voted at the Meeting by sending a written revocation, by submitting another proxy vote with a later date, by attending the Meeting and voting in person or, in the case of stockholders whose shares are voted through a bank or broker, by contacting your bank or brokerage firm.

#### **Other Matters**

Other than Proposal No. 1 in the Proxy Statement regarding Election of Directors, no other agenda items presented in the Proxy Statement are affected by this Supplement. You should carefully review the Proxy Statement prior to voting your shares. The Company knows of no matters to be submitted to the Meeting other than those presented in the Proxy Statement. If any other matters properly come before the Meeting, it is the intention of the persons named as the proxies in the Proxy Statement to vote the shares they represent in accordance with their best judgment on each of such matters.

May 7, 2012

