

RECKSON ASSOCIATES REALTY CORP
Form DEF 14A
April 13, 2004

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

RECKSON ASSOCIATES REALTY CORP.

(Name of Registrant as Specified In Its Charter)

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

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RECKSON ASSOCIATES REALTY CORP.

**225 Broadhollow Road
Melville, New York 11747**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 2, 2004

To our Stockholders:

The 2004 Annual Meeting of Stockholders (the "Annual Meeting") of Reckson Associates Realty Corp., a Maryland corporation (the "Company"), will be held on Wednesday, June 2, 2004 at 10:30 a.m., local time, at the MGM Theatre located at 1350 Avenue of the Americas, New York, New York, for the following purposes:

1. To approve a proposal to amend the Articles of Incorporation of the Company to eliminate the classification of the Board of Directors so that each director would stand for re-election on an annual basis (each of our directors has agreed to stand for re-election at this Annual Meeting if this proposal is approved, except for Messrs. Klein and Stephenson who will not stand for re-election in accordance with the Company's policy on the retirement of Board members);
2. To approve a proposal to amend the Articles of Incorporation of the Company to remove a potential anti-takeover defense regarding the Company's common stock ownership limit;
3. If Proposal 1 is approved by stockholders, to elect nine directors of the Company to serve until the 2005 Annual Meeting of Stockholders, and until their respective successors are duly elected and qualified, or, if Proposal 1 is not approved by stockholders, to elect three Class III directors, one Class I director and one Class II director of the Company;
- 4.

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To ratify the selection of Ernst & Young LLP as the independent auditors of the Company for the fiscal year ending December 31, 2004; and

5.

To consider and act upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which, by original or later adjournment, the Annual Meeting may be adjourned or to which the Annual Meeting may be postponed.

The Board of Directors has fixed the close of business on March 22, 2004 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof. Only stockholders of record of the Company's common stock, par value \$.01 per share, at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof.

You are requested to fill in and sign the enclosed form of proxy, which is being solicited by the Board of Directors, and to mail it promptly in the enclosed postage-prepaid envelope. Any proxy may be revoked by delivery of a later dated proxy. Stockholders of record who attend the Annual Meeting may vote in person, even if they have previously delivered a signed proxy.

By Order of the Board of Directors

Scott H. Rechler
Chief Executive Officer and President

Melville, New York
April 13, 2004

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PREPAID ENVELOPE PROVIDED. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.

RECKSON ASSOCIATES REALTY CORP.

225 Broadhollow Road
Melville, New York 11747

PROXY STATEMENT

FOR 2004 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 2, 2004

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Reckson Associates Realty Corp., a Maryland corporation (the "Company"), for use at the 2004 Annual Meeting of Stockholders of the Company to be held on June 2, 2004, and at any adjournments or postponements thereof (the "Annual Meeting"). At the Annual Meeting, stockholders will be asked (1) to consider and vote on a proposal to amend the Articles of Incorporation, as amended and supplemented (the "Articles of Incorporation"), of the Company to eliminate the classification of the Board of Directors so that each director would stand for re-election on an annual basis, (2) to consider and vote on a proposal to amend the Articles of Incorporation of the Company to remove a potential anti-takeover defense regarding the Company's common stock ownership limit, (3) if Proposal 1 is approved by stockholders, to vote upon the election of nine directors of the Company to serve until the 2005 Annual Meeting of Stockholders, and until their respective successors are duly elected and qualified, or, if Proposal 1 is not approved by stockholders, to vote upon the election of three Class III directors, one Class I director and one Class II director of the Company, (4) to ratify the selection of Ernst & Young LLP as the independent auditors of the Company for the fiscal year ending December 31, 2004 and (5) to act upon any other matters that may properly be brought before the Annual Meeting and at any adjournments or postponements thereof.

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This Proxy Statement and the accompanying Notice of Annual Meeting and Proxy Card are first being sent to stockholders on or about April 13, 2004. The Board of Directors has fixed the close of business on March 22, 2004 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting (the "Record Date"). Only stockholders of record of the Company's common stock, par value \$.01 per share, at the close of business on the Record Date will be entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were 66,388,203 shares of common stock outstanding and entitled to vote at the Annual Meeting. Holders of common stock outstanding as of the close of business on the Record Date will be entitled to one vote for each share held by them on the Record Date.

The presence, in person or by proxy, of holders of at least a majority of the total number of outstanding shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business at the Annual Meeting. The affirmative vote of the holders of a plurality of the votes cast on the matter at the Annual Meeting (assuming a quorum is present) is required for the election of directors. The affirmative vote of the holders of two-thirds of the votes entitled to be cast on the matter at the Annual Meeting (assuming a quorum is present) is required for the approval of amendments to the Company's Articles of Incorporation. The affirmative vote of the holders of a majority of votes cast on the matter is required for the approval of the ratification of the Company's auditors.

A broker non-vote occurs when a broker does not vote on some matter on the proxy card because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Abstentions and broker non-votes are counted as present for determining a quorum at the Annual Meeting. For Proposal 3, the election of directors, and Proposal 4, the ratification of the selection of independent auditors, abstentions will not be counted as votes cast and will have no effect on the result of the vote. Broker non-votes will not exist for Proposal 3 and Proposal 4 because brokers have discretionary voting power. For Proposal 1 and

Proposal 2, each a proposal to amend the Company's Articles of Incorporation, abstentions and broker non-votes will have the same effect as votes cast against each Proposal.

The cost of solicitation of proxies in the form enclosed herewith will be paid by the Company. In addition to the solicitation of proxies by mail, the directors, officers and employees of the Company may also solicit proxies personally or by telephone without additional compensation for such activities. The Company will also request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send proxy materials to and obtain proxies from such beneficial owners. The Company will reimburse such holders for their reasonable expenses.

Stockholders of the Company are requested to complete, sign, date and promptly return the accompanying Proxy Card in the enclosed postage-prepaid envelope. Shares represented by a properly executed proxy received prior to the vote at the Annual Meeting and not revoked will be voted at the Annual Meeting as directed on the proxy. If a properly executed proxy is submitted and no instructions are given, the proxy will be voted:

FOR the amendment to the Articles of Incorporation to eliminate the classification of the Board of Directors;

FOR the amendment to the Articles of Incorporation to amend the provision regarding the Company's common stock ownership limit;

FOR the election of nine nominees for directors of the Company, provided, however, that if Proposal 1 is not approved, the proxy will be voted FOR the election of the three nominees for Class III directors of the Company, the one nominee for Class I director of the Company and the one nominee for Class II director of the Company; and

FOR ratification of the Board of Directors' selection of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2004.

It is not anticipated that any matters other than those set forth in the Proxy Statement will be presented at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

A stockholder of record may revoke a proxy at any time before it has been exercised by filing a written revocation with the Secretary of the Company at the address of the Company set forth above, by filing a duly executed proxy bearing a later date, or by appearing in person and voting by ballot at the Annual Meeting. Any stockholder of record as of the Record Date attending the Annual Meeting may vote in person

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whether or not a proxy has been previously given, but the presence (without further action) of a stockholder at the Annual Meeting will not constitute revocation of a previously given proxy.

The Company's 2003 Annual Report, including financial statements for the fiscal year ended December 31, 2003, accompanies the proxy solicitation materials. The Annual Report, however, is not part of the proxy solicitation material.

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PROPOSAL 1: APPROVAL OF AMENDMENT TO THE ARTICLES OF INCORPORATION TO ELIMINATE THE CLASSIFICATION OF THE BOARD OF DIRECTORS

Article V, Section 1 of the Company's Articles of Amendment and Restatement (the "Articles of Incorporation") currently provides for the classification of the Board of Directors into three classes, with each class being elected every three years. The Board of Directors has determined that the Articles of Incorporation should be amended to provide for the annual election of all directors commencing with the 2004 Annual Meeting. In furtherance of this purpose, the Board has unanimously adopted a resolution approving the amendment and declaring its advisability and recommending such amendment to our stockholders.

A classified board has the effect of making it more difficult for a substantial stockholder to gain control of the board without the approval or cooperation of incumbent directors and, therefore, may deter unfriendly and unsolicited takeover proposals and contests. A classified board also makes it more difficult for stockholders to change a majority of directors even where a majority of stockholders are dissatisfied with the performance of incumbent directors. Many institutional investors believe that the election of board members is the primary means for stockholders to influence corporate governance policies and to hold management accountable for implementing these policies. However, if the proposal is approved, the entire Board could be removed in any single year, which could make it more difficult to discourage persons from engaging in proxy contests or otherwise seeking control of the Company on terms that the current Board does not believe are in the best interests of stockholders.

The Board has examined the arguments for and against continuation of the classified Board and has determined that the classified Board should be eliminated.

If the proposed amendment is approved by our stockholders, the classified Board will be eliminated. In addition, each of our directors has agreed to stand for re-election at this Annual Meeting of Stockholders for a one-year term if the proposed amendment is approved by our stockholders, except for Messrs. Klein and Stephenson who will not stand for re-election in accordance with the Company's policy on the retirement of Board members. Directors will thereafter continue to be elected for one-year terms at each annual meeting of stockholders. In addition, any directors chosen as a result of a newly-created director position or to fill a vacancy on the Board will hold office until the next annual meeting and until his or her successor is duly elected and qualified.

The text of the proposed amendment to our Articles of Incorporation is attached as Annex A to this Proxy Statement.

The Board unanimously recommends a vote FOR the approval of the amendment to the Company's Articles of Incorporation to eliminate the classification of our Board.

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PROPOSAL 2: APPROVAL OF AMENDMENT TO THE ARTICLES OF INCORPORATION TO AMEND THE PROVISION REGARDING THE COMPANY'S COMMON STOCK OWNERSHIP LIMIT

Due to the limitations on the concentration of ownership of shares of a real estate investment trust ("REIT") in the hands of individuals imposed by the Internal Revenue Code of 1986, as amended (the "Code"), the Company's Articles of Incorporation generally prohibit any stockholder from actually or constructively owning more than 9.0% of the lesser of the aggregate number or value of our outstanding common stock. Pursuant to Article VII, Section 11 of the Articles of Incorporation, the Board of Directors may, in its sole discretion, waive the ownership limit with respect to any particular Person or Persons (as such terms are defined in the Articles of Incorporation) if evidence satisfactory to the Board and the Company's tax counsel is presented that the changes in ownership pursuant to such a waiver will not cause the Company to fail to qualify as a REIT and is not reasonably likely to cause the Company to fail to qualify as a REIT and the Board otherwise determines that such a

waiver is in the best interests of the Company.

The REIT ownership limit may have the effect of making it more difficult for a stockholder to accumulate substantial stock holdings in the Company, and thereby may delay, defer or prevent a change-in-control of the Company or other transaction by a third party without the consent of the Board even if a change-in-control were in the best interests of our stockholders. As part of our strategic plan to improve corporate governance, the Board has determined that the Articles of Incorporation should be amended to remove a potential anti- takeover defense regarding the Company's common stock ownership limit. Specifically, the Board has determined that in the case of requests for waivers of the ownership limit by Persons that are not individuals (or treated as individuals for purposes of the relevant provisions of the Internal Revenue Code), the Board will be required, rather than permitted, to waive the ownership limit if evidence satisfactory to the Board and its tax counsel is provided that as a result of the requested waiver, no individual through its ownership interest in the Person will own in excess of the common stock ownership limit.

Under the proposed amendment, the common stock ownership limit will be revised so that, provided a Person or Persons (other than a Person that is an individual or treated as an individual for purposes of the relevant provisions of the Internal Revenue Code) provides evidence satisfactory to the Board and the Company's tax counsel that the changes in ownership that would be allowed pursuant to a waiver will not cause any individual (or Person treated as an individual) to Beneficially Own (as such term is defined in the Articles of Incorporation) shares of common stock in excess of the common stock ownership limit, the Board will waive the common stock ownership limit. In furtherance of this purpose, the Board has unanimously adopted a resolution approving the amendment and declaring its advisability and recommending such amendment to our stockholders.

The text of the proposed amendment to our Articles of Incorporation is attached as Annex B to this Proxy Statement.

The Board unanimously recommends a vote FOR the approval of the amendment to the Company's Articles of Incorporation to amend the provision regarding the Company's common stock ownership limit.

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PROPOSAL 3: ELECTION OF DIRECTORS

The Board of Directors of the Company consists of eleven members and is currently divided into three classes, with the directors in each class serving for a term of three years and until their respective successors are duly elected and qualified. The term of one class expires at each Annual Meeting of Stockholders.

If Proposal 1 to declassify the Board of Directors is approved, each director has agreed to stand for re-election at this Annual Meeting, other than Messrs. Klein and Stephenson, both of whom are the age of 72 or over and who will not stand for re-election in accordance with the Company's policy for retirement of Board members. Mr. Klein's term as a director will expire at the Annual Meeting and Mr. Stephenson will resign from the Board immediately following the Annual Meeting. If Proposal 1 is approved, each director elected at this Annual Meeting will serve a term to expire at the 2005 Annual Meeting.

If Proposal 1 to declassify the Board of Directors is not approved, Messrs. Quick, Steinberg and Ruffle will be nominated to stand for election as members of Class III for a term expiring at the 2007 Annual Meeting of Stockholders, Ms. McCaul will be nominated to stand for election as a member of Class I for a term expiring at the 2005 Annual Meeting of Stockholders and Mr. Crocker will be nominated to stand for election as a member of Class II for a term expiring at the 2006 Annual Meeting of Stockholders. Messrs. Quick, Steinberg and Ruffle are currently serving as Class III directors of the Company, Ms. McCaul is currently serving as a Class I director of the Company and Mr. Crocker is currently serving as a Class II director of the Company. Since Messrs. Steinberg and Ruffle and Ms. McCaul were appointed by the Board of Directors in 2004 to fill vacant seats on the Board of Directors, in accordance with applicable law, they will be nominated by the Board of Directors for election by stockholders at this Annual Meeting if Proposal 1 is not approved. If Proposal 1 is not approved, Mr. Stephenson will continue to serve as a director for the remainder of his term.

The Board of Directors anticipates that each of the nominees will serve, if elected, as a director. However, if any person nominated by the Board of Directors is unable to accept election, the proxies will be voted for the election of such other person or persons as the Board of Directors may recommend.

In the event Proposal 1 receives stockholder approval, the Board of Directors recommends a vote FOR each of the nine Nominees.

In the event Proposal 1 does not receive stockholder approval, the Board of Directors recommends a vote FOR each of the five Nominees.

Information Regarding Nominees and Directors

The following table and biographical descriptions set forth certain information with respect to each of the directors of the Company and the executive officers who are not directors, based upon information furnished to the Company by each director and executive officer.

Name	Age	Director Since	Amount and Nature of Beneficial Ownership of Common Stock(1)	Percent of Class(2)
Class III Nominees for Election at 2004 Annual Meeting (Term to Expire in 2007*)				
Peter Quick	48	2002	12,949(3)	***
Stanley Steinberg	71	2004	4,676(4)	***
John F. Ruffle	67	2004		***
John V. N. Klein**	72	1995	41,266(5)	***
Class I Continuing Directors (Term Expires in 2005*)				
Lewis S. Ranieri	57	1997	42,466(6)	***
Scott H. Rechler	36	1994	765,440(7)	1.09%
Conrad D. Stephenson**	76	1995	38,466(8)	***
Elizabeth McCaul	42	2004	1,000(9)	***
Class II Continuing Directors (Term Expires in 2006*)				
Douglas Crocker II	62	2004	6,000(10)	***
Ronald H. Menaker	59	2002	14,966(11)	***
Donald J. Rechler	69	1994	995,208(12)	1.41%

*

Each of the current directors, other than Messrs. Klein and Stephenson, has agreed to stand for re-election at the 2004 Annual Meeting if Proposal 1 is approved by stockholders. If Proposal 1 is approved, each director elected at the 2004 Annual Meeting will serve a term to expire at the 2005 Annual Meeting of Stockholders.

**

Messrs. Klein and Stephenson will not stand for re-election in accordance with the Company's policy for retirement of Board members. Mr. Klein's term as a director will expire at the Annual Meeting. If Proposal 1 is approved, Mr. Stephenson will resign from the Board immediately following the Annual Meeting. If Proposal 1 is not approved, Mr. Stephenson will continue to serve as a director for the remainder of his term.

Less than one percent.

(1)

All information has been determined as of March 22, 2004. For purposes of this table a person is deemed to have "beneficial ownership" of the number of shares of common stock that a person has the right to acquire pursuant to the exercise of stock options exercisable within sixty days, or the redemption of units (the "Units") of limited partnership interest in Reckson Operating Partnership, L.P., a Delaware limited partnership (the "Operating Partnership") (assuming the Company elects to issue common stock rather than pay cash upon such redemption). Pursuant to the terms of the Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of June 2, 1995, as amended, the Operating Partnership is obligated to redeem Units for cash, or, at the option of the Company, shares of common stock. See "Executive Compensation" for a discussion of the vesting of stock options granted to directors and officers.

(2)

For purposes of computing the percentage of outstanding shares of common stock held by each person, any shares of common stock that such person has the right to acquire pursuant to the exercise of a stock option exercisable within 60 days is deemed to be

outstanding, but is not deemed to be outstanding for the purpose of computing the percent ownership of any other

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person. In addition, for purposes of such calculation, Units held by each person are treated as if such person had converted and held the related equivalent number of shares of common stock.

- (3) Represents (a) 5,449 shares of common stock and (b) options to purchase 7,500 shares of common stock.
- (4) Represents 4,676 shares of common stock.
- (5) Represents (a) 3,766 shares of common stock and (b) options to purchase 37,500 shares of common stock.
- (6) Represents (a) 10,966 shares of common stock and (b) options to purchase 31,500 shares of common stock.
- (7) Represents (a) 342,940 shares of common stock, including 339,357 shares of common stock owned directly, 576 shares of common stock owned through the Company's 401(k) plan and 3,007 shares of common stock held in trust for the benefit of his children, and (b) 422,500 exercisable options.
- (8) Represents (a) 966 shares of common stock and (b) options to purchase 37,500 shares of common stock.
- (9) Represents 1,000 shares of common stock.
- (10) Represents 6,000 shares of common stock.
- (11) Represents (a) 7,466 shares of common stock and (b) options to purchase 7,500 shares of common stock.
- (12) Represents (a) 497,708 shares of common stock, including 496,885 shares of common stock owned directly and 823 shares of common stock owned through the Company's 401(k) plan, and (b) 497,500 exercisable options.

Class III Nominees for Election at 2004 Annual Meeting Term to Expire in 2007*

Peter Quick has served as the Company's lead director since 2003 and as a director of the Company since 2002. Mr. Quick has served as President of the American Stock Exchange and on its Board of Governors since July 2000. From 1982 to 2000, Mr. Quick worked for Quick & Reilly, Inc., a leading national discount brokerage firm, holding various positions, including President and Chief Executive Officer thereof. Mr. Quick is a director of the Securities Industry Automation Corporation. Mr. Quick serves as a director of St. Francis Hospital and Good Shepard Hospice and Fund for the Poor, Inc. He is a member of the National Selection Committee for the Jefferson Scholars Program of the University of Virginia and a Trustee of the Securities Industry Institute at the Wharton School of the University of Pennsylvania. Mr. Quick received a bachelor's degree in engineering from the University of Virginia and attended Stanford University's Graduate School of Petroleum Engineering. He was a lieutenant in the United States Navy, and served four years on active duty. Recognized for his personal and professional achievements, Mr. Quick received the prestigious Ellis Island Medal of Honor award in May 2001.

Stanley Steinberg has been a director of the Company since 2004. Mr. Steinberg currently serves as a Senior Advisor to the management consulting firm of Casas, Benjamin & White, LLC. Mr. Steinberg formerly served as Chairman and Chief Executive Officer of Sony Retail Entertainment where he was responsible for the development and operation of major location-based retail entertainment centers, a major theater chain and Sony retail stores. Prior to joining Sony, Mr. Steinberg served as Executive Vice President and Chief Operating Officer of Walt Disney Imagineering, where he managed the development of over \$4.5 billion of theme parks. Prior to joining Disney, Mr. Steinberg served as Executive Vice President of the Portman Companies where he was responsible for the operations of the companies and was directly involved in the design, development,

financing and operation of numerous major hotels and mixed-used projects around the world including: Peachtree Center in Atlanta; Embarcadero Center in San Francisco; Marina Square in Singapore; and the New York Marriott Marquis Hotel at Times Square. Mr. Steinberg currently serves as a member of the Board of Directors of Electronics Boutique, a retailer of video game related hardware and software products and AmericasMart, Inc., one of the nations largest wholesale marketplaces. Mr. Steinberg earned both Bachelor of Science and Bachelor of Architecture degrees from the Georgia Institute of Technology and a Master of Architecture from the Massachusetts Institute of Technology.

John F. Ruffle has served as a director of the Company since 2004. Mr. Ruffle retired as Vice Chairman and a Director of J.P. Morgan & Co. Incorporated on May 31, 1993, having served in this capacity since 1985, and as a member of the Corporate Office, the firm's senior policy and planning group. Mr. Ruffle served in a similar position in the firm's lead subsidiary, Morgan Guaranty Trust Company of New York. Mr. Ruffle joined Morgan in 1970 as Controller. In 1980 Mr. Ruffle became Chief Financial Officer. Earlier in his career, Mr. Ruffle had been with International Paper Company as Assistant Treasurer and Director of Accounting, and with Price Waterhouse. Mr. Ruffle was a member of the Board of Trustees of the Financial Accounting Foundation from 1985 to 1990 and Chairman during his last two years. This Board offers oversight over the Financial Accounting Standards Board and Governmental Accounting Standards Board processes as well as selection of members and compensation. Mr. Ruffle was also a national past Chairman of the Board of the Financial Executives Institute and awarded a lifetime membership in the organization. In 1991 Mr. Ruffle received the Financial Executive's Institute's National Award for Distinguished Service to his profession. Mr. Ruffle was named by "Accounting Today," a national professional newspaper, as the Most Influential Accountant in America during the year 1990. Mr. Ruffle is a Director of several mutual funds in the JP Morgan Family of mutual funds as well as certain other investment funds managed by J.P. Morgan Investment Management Inc. Mr. Ruffle is also a Director of American Shared Hospital Services, Inc. and a member of the Board of Trustees of The John Hopkins University since 1990. In prior years Mr. Ruffle has served as a member of the Board of Directors of many companies, including Bethlehem Steel Corporation, Wackenhut Corporation, Wackenhut Corrections Corp., Trident Corp., and Sallie Mae. Mr. Ruffle also serves as an Elder in the Presbyterian Church. Mr. Ruffle graduated from The John Hopkins University with a B.A. degree in 1958 and from Rutgers University with an M.B.A. in finance in 1963, the same year in which he became a Certified Public Accountant.

Incumbent Class III Director Retiring at end of Term

John V. N. Klein has served as a director of the Company since 1995. Mr. Klein was the Managing Attorney of the law firm of Meyer, Suozzi, English & Klein, P.C. between 1984 and 1997 and currently serves as Chairman of the firm. Mr. Klein served as a director of Fleet Bank from 1980 to 1994. Mr. Klein has also been a member of the advisory board of St. Joseph's College, Patchogue, New York since 1980. For more than seven years, Mr. Klein has served as director of Pocono Hotels Corporation, a hotel owner and operator. Mr. Klein has served in various government positions on Long Island, including County Executive of Suffolk County, New York from 1972 to 1979. Mr. Klein holds a bachelor's degree and a law degree from the University of Virginia.

Class I Continuing Directors Term Expires in 2005*

Lewis S. Ranieri has served as a director of the Company since 1997. Mr. Ranieri is the Chairman and Chief Executive Officer of Ranieri & Co., Inc., positions he has held since founding Ranieri & Co. in 1988. Mr. Ranieri is the founder of Hyperion Partners L.P. and Hyperion Partners II L.P., private investment limited partnerships ("Hyperion"). He is also Chairman of Hyperion Capital Management, Inc., a registered investment adviser. He is the Chairman of the following registered investment funds: Hyperion 2005 Investment Grade Opportunity Trust, Inc.; The Hyperion Total Return

Fund, Inc.; and The Strategic Mortgage Income Fund, Inc. Mr. Ranieri also serves as a director and/or an executive officer of various other indirect subsidiaries of Hyperion. Prior to forming Hyperion, Mr. Ranieri had been Vice Chairman of Salomon Brothers Inc. Mr. Ranieri helped develop the capital markets as a source of funds for housing and commercial real estate, established Salomon's leadership position in the mortgage-backed securities area, and also led the effort to obtain Federal legislation to support and build the market. Mr. Ranieri has served on the National Association of Home Builders Mortgage Roundtable continuously since 1986. He was inducted into the National Housing Hall of Fame in 1997. He is a director and/or trustee of Delphi Financial Group, Inc., Computer Associates International, Inc., Capital Lease Funding, Inc., where he is also chairman of the board of directors, and American Financial Realty Trust, a REIT focused on acquiring and operating properties leased to regulated financial institutions, where he is also chairman of the board of trustees. Mr. Ranieri also acts as a trustee or director of various environmental and religious institutions such as Environmental Defense, The Metropolitan Opera Association and Shrine of Elizabeth Ann Seton/Our Lady of the Rosary Church. Mr. Ranieri is also the Chairman of the Board of the American Ballet Theatre.

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Scott H. Rechler has served as Chief Executive Officer and President since December 2003, served as Co-Chief Executive Officer of the Company from May 1999 until December 2003, serves as the Chairman of the Executive Committee of the Board and has served as a director of the Company since its formation. He served as President of the Company from February 1997 to May 2001 and served as Chief Operating Officer of the Company from its formation until May 1999. In addition, from the Company's formation until February 1997, Mr. Rechler served as Executive Vice President of the Company. Mr. Rechler has been employed at Reckson since 1989. Mr. Rechler was the architect of Reckson's successful public offering in June 1995 and has led the Company from a Long Island-based owner and developer to one of the largest office REITs in the New York tri-state area. Mr. Rechler has overseen in excess of \$2.5 billion in acquisitions and developments since joining the Company. Mr. Rechler is a member of the Board of Directors of the Long Island Children's Museum and is a member of the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). Since 1997 Mr. Rechler has served as Chief Executive Officer and Chairman of the Board of Directors of FrontLine Capital Group ("FrontLine"), and also served as the non-executive Chairman of the Board of Directors and as former interim executive officer of HQ Global Holdings, Inc. ("HQ"), both companies that filed for protection from creditors under the federal bankruptcy laws. Mr. Rechler is a graduate of Clark University and received a Master's Degree in Finance with a specialization in real estate from New York University.

Conrad D. Stephenson has served as a director of the Company since 1995. Mr. Stephenson served as the Chief Executive Officer of Pan Am Equities Inc., a property ownership and management company, from 1993 to 1997, and currently serves as a consultant thereto. Mr. Stephenson was employed by The Comras Company, a real estate company, from 1990 to 1993, and served as the Vice President in the tri-state and northeast real estate lending division of the First National Bank of Chicago from 1987 to 1990. Mr. Stephenson was the Vice President in charge of all commercial real estate lending activities of The Bowery Savings Bank from 1985 to 1987, and was a Vice President of The Chase Manhattan Bank from 1975 to 1985. Mr. Stephenson has served as a governor, vice president and a member of the executive committee of the Real Estate Board of New York. Mr. Stephenson holds a bachelor's degree from Fordham University and a Masters in Business Administration from New York University. Mr. Stephenson is a retired colonel of the U.S. Army Reserves, with which he served for 35 years.

Elizabeth McCaul has served as a director of the Company since 2004. Ms. McCaul currently serves as a Partner and runs the New York office of Promontory Financial Group, a regulatory and financial consulting firm that specializes in risk management, crisis management, corporate governance and compliance, as well as strategic planning and mergers and acquisitions. From 1997 and 2003, Ms. McCaul served as the Superintendent of Banks of the State of New York where she was

responsible for the supervision of some of the world's largest financial institutions with total assets of approximately \$2 trillion. Prior to being appointed as Superintendent, she served as First Deputy Superintendent and Chief of Staff. From 1985 through 1995, Ms. McCaul was an investment banker at Goldman Sachs & Co. Ms. McCaul has also served as Chairman of the Conference of State Bank Supervisors and participated in the Joint Forum for Financial Conglomerates. She has been an instructor on corporate governance at the Financial Stability Institute at the Bank for International Settlements in Basel, Switzerland and has assisted many financial institutions to meet their obligations under the Sarbanes-Oxley Act and the USA Patriot Act. Ms. McCaul was also a leader in fighting predatory lending, where she proposed and adopted the first regulation addressing this issue, which became a national model for other states and federal legislation. Ms. McCaul earned her Bachelor of Arts in Economics from Boston University.

Class II Continuing Directors Term to Expire in 2006*

Douglas Crocker II has served as a director of the Company since 2004. Mr. Crocker was Chief Executive Officer, President and a Trustee of Equity Residential, the nation's largest apartment REIT, from 1993 to 2002, and also served as Vice Chairman of the Board. Mr. Crocker remains very active in the multifamily housing industry, serving on boards or committees of various multifamily housing associations. Mr. Crocker is a past Trustee of the Multifamily Council of the Urban Land Institute and former member of the Board of Governors of NAREIT. Mr. Crocker currently serves as a regent of the National Apartment Association University and on the Advisory Board of the De Paul University Real Estate School. Mr. Crocker also serves as a director of the following companies in the real estate industry including: Wellsford Real Properties, Inc., a real estate merchant banking firm; Ventas, Inc., a leading healthcare-related REIT; Prime Group Realty Trust, an owner and operator of office and industrial properties; and Acadia Realty Trust, a REIT which owns and operates shopping centers.

Ronald H. Menaker has served as a director of the Company since 2002. From 1966 to 1999, Mr. Menaker worked for J.P. Morgan & Co. Inc., holding various positions, including President and a director of J.P. Morgan Services. At the time of his retirement on January 1, 1999, Mr. Menaker was a managing director and head of corporate services of J.P. Morgan & Co. Inc. of New York. In this capacity, Mr. Menaker had management responsibility for a \$500 million budget and 1,700 employees, including a range of administrative, support and operations functions for J.P. Morgan companies. These functions included facilities management, real estate design and construction, corporate insurance and contingency planning, security services and investigations, health services, payroll and payment services, executive compensation, travel services, management services and operations. Mr. Menaker serves as a director of Atalanta Sosnoff Capital Corp. He serves as a director of NYU Medical Center and Vice Chairman and director of NYU Downtown Hospital. He was formerly the Chairman of NYU Downtown

Hospital. Mr. Menaker also serves as the Chairman of the American Kennel Club.

Donald J. Rechler has served as non-executive Chairman of the Board of Directors since 2003 and served as Co-Chief Executive Officer of the Company from May 1999 to December 2003. Mr. Rechler has served as Chairman of the Board since its formation. In addition, from the Company's formation through May 1999, Mr. Rechler served as Chief Executive Officer of the Company. Mr. Rechler also served as President of the Company from its formation until February 1997. Prior to the Company's initial public offering in June 1995 (the "IPO"), Mr. Rechler was a co-founder and general partner of Reckson Associates. He is a founder and former President and Chairman of the Association For A Better Long Island, a founder of the Long Island Commercial & Industrial Development Association, a member of the Board of Directors of the Development Division of North Shore Hospital, a member of the Board of Directors of the Long Island Philharmonic, a member of the Council of Overseers of

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Long Island University, C.W. Post College and a member of the Board of Directors of the Nassau County Museum of Art. Mr. Rechler is a graduate of the University of Miami.

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Each of the current directors, other than Messrs. Klein and Stephenson, has agreed to stand for re-election at the 2004 Annual Meeting if Proposal 1 is approved by stockholders. Messrs. Klein and Stephenson will not stand for re-election in accordance with the Company's policy for retirement of Board members. Mr. Klein's term as a director will expire at the Annual Meeting. If Proposal 1 is approved, Mr. Stephenson will resign from the Board immediately following the Annual Meeting. If Proposal 1 is not approved, Mr. Stephenson will continue to serve as a director for the remainder of his term. If Proposal 1 is approved, each director elected at the 2004 Annual Meeting will serve a term to expire at the 2005 Annual Meeting of Stockholders.

Executive Officers Who Are Not Directors

Michael Maturo has served as Executive Vice President, Chief Financial Officer and Treasurer of the Company since 1995. Mr. Maturo oversees the Company's financial accounting, treasury management and public reporting, capital markets activities, investor relations and corporate forecasting. During his tenure with the Company, Mr. Maturo has led the Company's efforts to obtain its investment grade rating and thereafter issue \$500 million of senior unsecured notes. He also established a \$500 million unsecured corporate line of credit with a 14 member bank group. In addition, Mr. Maturo has led efforts to raise over \$1 billion of additional debt and equity capital during this time period. Mr. Maturo is a member of NAREIT. Prior to joining the Company, Mr. Maturo was a Senior Manager at E&Y Kenneth Leventhal Real Estate Group (formerly Kenneth Leventhal & Company), a public accounting and consulting firm. Mr. Maturo specialized in diverse phases of real estate finance, including corporate and property debt financings and recapitalization transactions. Mr. Maturo is a graduate of Seton Hall University with a degree in accounting and finance and is a certified public accountant. From 1998 to 2001, Mr. Maturo served as an executive officer and director of FrontLine, a company that filed for protection from creditors under the federal bankruptcy laws in June 2002. Mr. Maturo is 42 years old.

Jason M. Barnett has served as Executive Vice President of Company since May 1999, General Counsel of the Company since May 1997 and Secretary of the Company since 2003. Mr. Barnett joined the Company in 1996. Mr. Barnett is responsible for the coordination of all legal and compliance matters for the Company. Mr. Barnett has been involved in over \$2 billion of real estate transactions, including acquisitions, dispositions, joint ventures, and financings. Mr. Barnett has also been involved in approximately \$1 billion of public securities offerings on behalf of the Company. Prior to joining the Company, Mr. Barnett practiced as an associate in the corporate REIT practice area of Sidley Austin Brown & Wood LLP. While at Sidley Austin Brown & Wood LLP, Mr. Barnett participated in numerous corporate and real estate transactions involving publicly-held REITs, including initial public offerings, joint ventures and corporate and real estate acquisitions. Mr. Barnett holds a Bachelor of Arts degree from Clark University and a *Juris Doctor* from Emory University School of Law. Mr. Barnett is a member of the American Bar Association, a member of the Real Estate Board of New York, a member of NAREIT, and is involved in various industry-related groups. Mr. Barnett is also a member of the Association of Small Claims Arbitors for the Civil Court of the City of New York. Mr. Barnett is admitted to the Bar of the State of New York. From 1998 to 2000, Mr. Barnett served as an executive officer of FrontLine, a company that filed for protection from creditors under the federal bankruptcy laws in June 2002. Mr. Barnett is 35 years old.

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Salvatore Campofranco has served as Executive Vice President and Chief Operating Officer of the Company since 2003. Mr. Campofranco served as the Senior Vice President and Managing Director of the Company's Westchester and Connecticut divisions from 1996 to 2003 where he was responsible for the leasing, construction and property management in the Company's Westchester County and Southern Connecticut Portfolio of office and industrial properties currently consisting of over five million square feet in 35 properties. Mr. Campofranco has 15 years experience in real estate finance and operations. Before joining Reckson in 1996, Mr. Campofranco was Senior Vice President in charge of finance and operations for Towermarc Corporation. Prior to that, he was a manager with E&Y Kenneth Leventhal Real Estate Group (formerly Kenneth Leventhal & Company) in New York. He is a Certified Public Accountant in New York State and a graduate of Saint John's University, New York, with a B.S. in Accounting. He is also a member of the Executive Committee for the Board of Trustees for the Westchester Arts Council, and The Westchester County Association among other corporate and civic boards. Mr. Campofranco received the Westchester County Business Leader of the Year award for 2000. Mr. Campofranco is 46 years old.

F. D. Rich III has served as Executive Vice President and Chief Administrative Officer since 2003. Mr. Rich joined the Company in 1996 and has held numerous positions, including Senior Vice President and head of the Company's Southern Connecticut Division and Chief Information Officer. Mr. Rich has extensive real estate development and management expertise in office, housing and retail developments in various regions in the country and in the Caribbean. Prior to joining the Company, Mr. Rich was a senior vice president with the F. D. Rich Company (the "Rich Company") and responsible for its operations. Mr. Rich has had extensive involvement with the City of Stamford's urban renewal efforts and the development, construction and operations of commercial office space in downtown Stamford. Mr. Rich is a founding member of the Board of the Stamford Downtown Special Services District and past Chairman. Mr. Rich has also served on the boards of the Stamford Partnership, Stamford Chamber of Commerce. Mr. Rich attended Marquette University, Utica College of Syracuse University and Loyola College, majoring in Business Administration. Mr. Rich is 48 years old.

Philip Waterman III has served as Executive Vice President, Chief Development Officer and Managing Director of the Company's New York City division since 2003. Mr. Waterman joined the Company in 1999 as Managing Director of the Company's New York City division. Mr. Waterman is responsible for the Company's business activities in New York City. Prior to joining the Company, Mr. Waterman spent 12 years with Tishman Speyer Properties. He served as a Managing Director of Tishman Speyer Properties and sat on that company's Management Committee, which was responsible for investment and acquisition decisions. He was responsible for the oversight of Tishman Speyer's domestic leasing and marketing efforts for approximately 38 million square feet, including Rockefeller Center and the Chrysler Building in New York. Past responsibilities included oversight of Tishman Speyer's Los Angeles and San Francisco offices. He also spent two years in Tishman Speyer's Chicago office. Mr. Waterman received his B.A. from the University of Michigan. His professional affiliations include The Real Estate Board of New York, where he serves as a Governor; The Urban Land Institute, The Realty Foundation of New York where he serves as a Board Member, and The Young Men's and Women's Real Estate Association. His charitable affiliations include The Fresh Air Fund, where he sits on the Board of Directors, The Jeffrey Modell Foundation, where he serves as a Board Member, and The Downtown School, where he serves as a Board Member. Mr. Waterman is 37 years old.

The Board of Directors and Its Committees

The Company is currently managed by an eleven member Board of Directors, nine of whom are independent of the Company's management. Director independence was determined in accordance with the applicable corporate governance listing standards of the New York Stock Exchange. The Company

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has recently adopted a policy whereby every three years at least one Independent Director of the Company will have rotated off of the Board.

The Board of Directors held twenty-one meetings during fiscal year 2003. In addition, the Independent Directors of the Company held thirteen executive sessions during fiscal year 2003 in which management directors did not participate. Executive sessions are held after each annual and quarterly meeting of the Board of Directors and otherwise when deemed necessary or appropriate.

Each of the directors attended at least 75% of the total number of meetings of the Board of Directors and of the committees of the Company of which he was a member during 2003. It is the Board's policy that directors should attend the annual meeting. All of the then-current members of the Board of Directors were present at the 2003 Annual Meeting.

Lead Director. In May 2003, the Board created a new position of lead director, whose primary responsibility is to preside over the executive sessions of the board in which management directors and other members of management do not participate. The lead director also advises the chairman of the board and, as appropriate, committee chairs with respect to agendas and information needs relating to board and committee meetings, and performs other duties that the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities. Mr. Quick serves as the lead director of the Board.

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Audit Committee. The Company has a standing Audit Committee consisting of John Ruffle, Elizabeth McCaul, Ronald H. Menaker and Peter Quick, each of whom is "independent" as defined in the New York Stock Exchange's listing standards. Information regarding the functions performed by the Audit Committee is set forth in the "Audit Committee Report" included in this Proxy Statement. Mr. Ruffle currently serves as chairman of the Audit Committee. Mr. Stephenson served as chairman of the Audit Committee until March 2004. The Audit Committee held seven meetings during fiscal year 2003.

The Board has determined that Mr. Ruffle qualifies as an "audit committee financial expert" as defined in the rules of the Securities and Exchange Commission ("SEC") and the New York Stock Exchange. There is a brief listing of Mr. Ruffle's qualifications in his biography on page 8 of this Proxy Statement. As noted above, the Board has determined that Mr. Ruffle is independent of the Company and its management.

Executive Committee. Subject to the supervision and oversight of the Board of Directors, the Executive Committee, which consists of Scott H. Rechler, Donald J. Rechler, Douglas Crocker II, Stanley Steinberg and Peter Quick has the authority to approve acquisitions, financings and dispositions by the Company and to authorize the execution of certain contracts and agreements, including those relating to the borrowing of money by the Company and to exercise generally all other powers of the Board of Directors, except for those which require action by all directors or the non-employee directors (the "Independent Directors") under the Articles of Incorporation or Bylaws of the Company or under applicable law. Mr. Scott H. Rechler serves as chairman of the Executive Committee. The Executive Committee held eight meetings during fiscal year 2003.

Compensation Committee. The Company's Compensation Committee, which consists of Lewis S. Ranieri, Douglas Crocker II, Ronald Menaker and Stanley Steinberg, makes recommendations and exercises all powers of the Board of Directors in connection with compensation matters, including incentive compensation and benefit plans. The Compensation Committee also has authority to grant awards under the Company's stock option plans. Mr. Ranieri serves as chairman of the Compensation Committee. All current members of the Compensation Committee are independent as defined in the rules of the New York Stock Exchange. The Compensation Committee held two meetings during fiscal year 2003.

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Disclosure Committee. The Company's Disclosure Committee, which consists of all of the Company's executive officers as well as certain other officers of the Company, has responsibility for the development and assessment of the financial and non-financial information to be included in the reports filed by the Company with the SEC and assists the Company's Chief Executive Officer and Chief Financial Officer in connection with their certifications contained in the Company's periodic reports. The Disclosure Committee reports to the Audit Committee on a quarterly or more frequent basis. The Disclosure Committee held six meetings during fiscal year 2003.

Nominating and Corporate Governance Committee. The functions of the Nominating and Corporate Governance Committee are to assist the Board in promoting the best interests of the Company and its stockholders through the implementation of sound corporate governance principals and practices. The Nominating and Corporate Governance Committee is also responsible for (i) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, and recommending to the Board the director nominees for the next annual meeting of stockholders, (ii) developing and recommending to the Board a set of corporate governance principles applicable to the Company, and (iii) overseeing the evaluation of the Board and the Company's management.

Each of Douglas Crocker II, Elizabeth McCaul, Ronald H. Menaker, Lewis S. Ranieri, Stanley Steinberg, Peter Quick and John Ruffle currently serves as a member of the Nominating and Corporate Governance Committee. Mr. Menaker serves as chairman of the Nominating and Corporate Governance Committee. All current members of the Nominating and Corporate Governance Committee are independent as defined in the rules of the New York Stock Exchange. Mr. Quick served as chairman of the Nominating and Corporate Governance Committee until March 2004.

The Nominating and Corporate Governance Committee has a charter which is available and can be viewed and downloaded from the Company's website at www.reckson.com. A copy of the charter is available to stockholders free of charge on request to the Company's Secretary, Reckson Associates Realty Corp., 225 Broadhollow Road, Melville, New York 11747.

The Nominating and Corporate Governance Committee will consider appropriate nominees for director whose names are submitted in writing by a stockholder of the Company. Nominations must be addressed to Reckson Associates Realty Corp., 225 Broadhollow Road, Melville, New York 11747, Attn: Jason M. Barnett, Secretary, indicating the nominee's qualification and other relevant biographical information and providing confirmation of the nominee's consent to serve as director. In order to be considered for the next annual election of directors, any such written request must comply with the requirements set forth in the Bylaws of the Company and below under "Stockholder Proposals for 2005 Annual Meeting." The Nominating and Corporate Governance Committee held five meetings during the fiscal year 2003. The Nominating and Corporate Governance Committee meets in the executive session following each annual and quarterly meeting of the Board and otherwise

when deemed necessary or appropriate.

The Nominating and Corporate Governance Committee reviews with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the then-current composition of the Board. This assessment includes, in addition to qualities of intellect, integrity and judgment, business experience and knowledge, reputation and character, issues of diversity, relevant industry and trade association knowledge and participation, accounting and financial expertise, public company experience, willingness and ability to devote the time and effort required to effectively serve on the Board and relevant legal and regulatory qualifications. The committee makes this determination in the context of an assessment of the perceived needs of the Board at that point in time. The committee evaluates all nominees for director based on these criteria, including nominees recommended by stockholders.

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All nominees for director at the 2004 Annual Meeting currently serve as directors of the Company. The recently appointed Independent Directors were identified after the Nominating and Corporate Governance Committee had determined the desired experience and other qualifications for additional directors. With respect to Messrs. Crocker, Ruffle and Steinberg and Ms. McCaul, each of whom was appointed by the Board in 2004, Mr. Steinberg and Ms. McCaul were recommended as nominees to the Board by the Chief Executive Officer, Mr. Ruffle was recommended as a nominee by an Independent Director, and Mr. Crocker was recommended by an Independent Director based upon a recommendation from a stockholder.

The committee considers nominees for the Board from any reasonable source, including current Board members, stockholders or other persons. While the Nominating and Corporate Governance Committee has the ability to retain a third party to assist in the nomination process, the Company has not paid a fee to any third party to identify or assist in identifying or evaluating potential nominees.

Pricing Committee. The Company's Pricing Committee consists of Peter Quick, Douglas Crocker II, Lewis S. Ranieri and Scott H. Rechler. The Pricing Committee is designated from time to time and as needed to consider the price at which securities of the Company may be offered. The Pricing Committee did not hold any meetings during the fiscal year 2003. Mr. Crocker serves as chairman of the Pricing Committee.

Director Independence

The Board has determined that all of the Company's directors, with the exception of Messrs. Scott H. Rechler (the Company's President and Chief Executive Officer) and Donald J. Rechler (the Company's Chairman of the Board and uncle of Scott H. Rechler), have met the independence requirements of the New York Stock Exchange, based upon the application of objective categorical standards adopted by the Board. In making a determination regarding a director's independence, the Board considers all relevant facts and circumstances, including the director's commercial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may determine from time to time. In accordance with the Company's corporate governance guidelines, a director who satisfies all of the following criteria will be determined to be an Independent Director of the Company:

- (i) The director is not a current employee of the Company and has not been an employee of the Company within the preceding three years (other than in the capacity as a former interim Chairman or CEO);
- (ii) No immediate family member is currently an executive officer of the Company, and has not been such within the preceding three years;
- (iii) The director (other than in the capacity of a former interim Chairman or CEO), and any immediate family member of the director acting in the capacity of an executive employee, did not receive more than \$100,000 in a twelve-month period in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), within the preceding three years;
- (iv) The director was not affiliated with or employed by a present or former (internal or external) auditor of the Company and no immediate family member of the director was affiliated with or employed in a professional capacity by a present or former (internal or external) auditor of the Company, within the preceding three years;

(v)

Neither the director nor an immediate family member of the director was employed as an executive officer of another company where any of the Company's present executives served on that company's compensation committee within the preceding three years; and

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(vi)

The director is not a current executive officer or employee and no immediate family member of the director is a current executive officer, of another company that made payments to or received payments from the Company for property or services in an amount which, in any of the preceding three fiscal years, exceeded the greater of \$1 million or two percent (2%) of such other company's consolidated gross revenues (based on those revenues reported in the applicable fiscal year).

Direct or indirect ownership of even a significant amount of Company stock, by a director who may otherwise be determined to be independent as a result of the application of the foregoing standards, may not bar an independence finding as to such director.

For purposes of the foregoing (i), an "immediate family member" is defined as a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than an employee) who shares such person's home. Individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated, are not taken into consideration with respect to the determination of a director's independence, and (ii) charitable organizations will not be deemed companies with respect to (vi) above.

Director Compensation

Each Independent Director of the Company receives an annual director's fee of \$25,000 (\$37,500 in the case of the lead director). Each Independent Director also receives \$1,000 for each quarterly and special meeting of the Board of Directors attended in person, including committee meetings (\$1,500 in the case of the lead director), except that members of the Audit Committee receive \$2,000 for each audit committee meeting attended in person; and \$500 for each quarterly and special meeting of the Board of Directors in which the director participates by teleconference, including committee meetings (\$750 in the case of the lead director), except that members of the Audit Committee receive \$1,000 for each Audit Committee meeting in which they participate by teleconference. Each Independent Director appointed or elected for the first time receives 1,000 shares of restricted common stock on his or her date of appointment or election. In addition, following each annual meeting of stockholders, each of the Company's Independent Directors receives a number of shares of restricted common stock having a fair market value of \$20,000 on the date of grant (\$30,000 in the case of the lead director). All shares of restricted common stock granted to the Independent Directors vest immediately. However, no shares of restricted common stock granted to an Independent Director is transferable by an Independent Director while such Independent Director remains a director of the Company.

On June 5, 2003, each of the then-serving Independent Directors was granted 966 shares of common stock, except for Peter Quick who as lead director received 1,449 shares of common stock. The closing price of the Company's common stock on the New York Stock Exchange on June 5, 2003 was \$20.70 per share.

Communication with the Board of Directors

The Company has a process for handling letters received by the Company and addressed to the Board of Directors or members of the Board. Through this process, any person, including our stockholders, may communicate directly with the chairman of the board, the lead director or with any individual Board member, or the entire Board, a Committee of the Board or the Independent Directors as a group, at any time. A description of how persons can communicate with our Board of Directors or members of the Board is available on the Company's website at www.reckson.com or to request a copy via U.S. mail write to Jason M. Barnett, Corporate Secretary, Reckson Associates Realty Corp., 225 Broadhollow Road, Melville, NY 11747.

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Code of Business Conduct and Ethics

The Company has a code of business conduct and ethics, which is designed to promote honest and ethical conduct and deter wrongdoing at all levels of the Company's organization. All employees, officers and directors of the Company are bound by the code of business conduct and

ethics. In addition to the code of business conduct and ethics, the chief financial officer, chief accounting officer and other senior financial officers that hold significant positions of leadership and trust at the Company must set an exemplary standard of conduct for the Company as described in the CFO and senior financial officers code of conduct. A copy of each code is available on the Company's website at www.reckson.com or to request a copy via U.S. mail write to Jason M. Barnett, Corporate Secretary, Reckson Associates Realty Corp., 225 Broadhollow Road, Melville, NY 11747.

PROPOSAL 4: RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The Audit Committee has selected the accounting firm of Ernst & Young LLP to serve as independent auditors of the Company for the fiscal year ending December 31, 2004, subject to ratification of this appointment by the stockholders of the Company. Ernst & Young LLP has served as the Company's independent auditors since the Company's formation in September 1994 and is considered by management of the Company to be well qualified. The Company has been advised by that firm that neither it nor any member thereof has any financial interest, direct or indirect, in the Company or any of its subsidiaries in any capacity. A representative of Ernst & Young LLP will be present at the Annual Meeting, will be given the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Ernst & Young LLP's fees for providing services to the Company in 2003 and 2002 were as follows:

Audit Fees. The aggregate fees billed by Ernst & Young LLP for professional services rendered for the audit of the Company's annual financial statements for the fiscal years ended December 31, 2003 and 2002 and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for the fiscal years ended December 31, 2003 and 2002 were approximately \$476,000 and \$375,000, respectively.

Audit-Related Fees. The aggregate fees billed by Ernst & Young LLP for professional services rendered for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, other than the services described under "Audit Fees," including employee benefit plan audits and accounting assistance, for the fiscal years ended December 31, 2003 and 2002 were approximately \$344,000 and \$222,500, respectively.

Tax Fees. The aggregate fees billed by Ernst & Young LLP for professional services rendered for tax compliance (including REIT tax compliance), tax advice, and tax planning for the fiscal years ended December 31, 2003 and 2002 were approximately \$247,000 and \$83,000, respectively.

All Other Fees. There were no other fees billed by Ernst & Young LLP for the fiscal years ended December 31, 2003 and 2002.

All of the services described under "Audit Fees," "Audit-Related Fees" and "Tax Fees" were approved by the Audit Committee.

Under the Audit Committee's pre-approval policies and procedures, each member of the Audit Committee has the authority to approve all permissible non-audit services to be performed by Ernst & Young LLP, provided that each decision relating to the approval of permissible non-audit services is presented to the Audit Committee at its next scheduled meeting. All such approvals are also reported to the full Board at the next scheduled Board meeting.

The Board of Directors recommends a vote FOR the ratification of the selection of the independent auditors.

REPORT OF THE AUDIT COMMITTEE

The following is a report by the Company's Audit Committee regarding the responsibilities and functions of the Audit Committee.

The Audit Committee, on behalf of the Board of Directors of the Company, serves as an independent and objective party to monitor the Company's financial reporting process and internal control system, and to review and appraise the audit efforts of the Company's independent

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auditors. The Audit Committee performs these oversight responsibilities in accordance with its Audit Committee Charter, which the Board of Directors revised in 2002. A copy of the revised charter was included in the Company's proxy statement for the 2003 Annual Meeting of Stockholders and can be viewed and downloaded from the Company's website at www.reckson.com. A copy of the charter is also available to stockholders free of charge on request to the Company's Secretary, Reckson Associates Realty Corp., 225 Broadhollow Road, Melville, New York 11747.

Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited financial statements in the Company's Annual Report, and discussed with management the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee also reviewed and discussed the Company's earnings releases with management.

Ernst & Young LLP, the Company's independent auditors, are responsible for auditing the Company's financial statements and for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles. The Audit Committee reviewed and discussed with the independent auditors their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under Statement on Auditing Standards No. 61, as currently in effect. The Audit Committee also received the written disclosures and the letter from the independent auditors required by the Independence Standards Board Standard No. 1, as currently in effect, discussed with the independent auditors the auditors' independence from management and the Company and considered the compatibility of non-audit services with the auditors' independence.

The Audit Committee discussed with the Company's independent auditors the overall scope and plans for their audit. The Audit Committee meets at least quarterly with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting. The Audit Committee also meets with management prior to the filing of the Company's quarterly reports on Form 10-Q with the SEC and release to the public of its quarterly and year-end financial results.

In reliance on the reviews and discussions referred to above, and subject to the limitations on the role and responsibilities of the Audit Committee referred to below, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003 for filing with the SEC.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting. Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent auditors. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and

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discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that Ernst & Young LLP is in fact "independent."

Submitted by the Audit Committee
of the Board of Directors of the Company*

Conrad D. Stephenson (Chairman)
Ronald H. Menaker
Peter Quick

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During the year ended December 31, 2003, the Audit Committee was comprised of Messrs. Stephenson, Menaker and Quick. At a Board of Directors meeting held in March 2004, the Audit Committee was reconstituted. The current members of the Audit Committee are Messrs. Ruffle (Chairman), Menaker and Quick and Ms. McCaul.

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EXECUTIVE COMPENSATION

Report on Executive Compensation

The Role of the Committee. Generally, the Compensation Committee of the Board of Directors (the "Compensation Committee") establishes, oversees and directs the Company's executive compensation policies and programs, administers the Company's stock option plans and seeks to ensure that the Company's executive compensation philosophy is consistent with the Company's best interests.

The Compensation Committee has a charter which is available and can be viewed and downloaded from the Company's web site at www.reckson.com. A copy of the charter is available to stockholders free of charge on request to the Company's Secretary, Reckson Associates Realty Corp., 225 Broadhollow Road, Melville, New York 11747. The Compensation Committee charter provides that the responsibilities of the Compensation Committee include (i) reviewing and approving corporate goals and objectives relevant to the chief executive officer's compensation, evaluating the chief executive officer's performance in light of those goals and objectives, and, determining and approving the chief executive officer's compensation level based on this evaluation, (ii) making recommendations to the Board with respect to non-chief executive officer compensation, incentive-compensation plans and equity-based plans, and (iii) producing this annual compensation committee report on executive compensation as required by the SEC.

Compensation Philosophy and Review. The Compensation Committee seeks to align executive compensation with the Company's business objectives and strategies, management programs and financial performance. The Company's compensation philosophy for executive officers serves three principal purposes: (i) to provide a total compensation package for executive officers that is competitive with the total compensation paid by REITs similar to the Company, other public and private real estate companies and with the current market for executive talent, (ii) to attract, retain and motivate talented executives who will maximize stockholder value and (iii) to encourage senior management's long-term equity ownership in the Company by linking a portion of executive compensation directly to increases in stockholder value.

The Compensation Committee has overall responsibility for evaluating and approving the executive officer benefit, bonus, incentive compensation, severance, equity-based or other compensation plans, policies and programs of the Company. The Compensation Committee exercises independent discretion in respect of executive compensation matters. With respect to the compensation of the Named Executive Officers (as defined herein) other than Scott H. Rechler, the Compensation Committee reviews the recommendations of Scott H. Rechler.

Executive Compensation. The Company's executive compensation program consists primarily of an annual salary, cash bonuses linked to the performance of executives and the Company and long-term equity-based compensation.

Final compensation determinations for each fiscal year are generally made after the end of the fiscal year. At that time, base salaries for the following fiscal year are set, cash bonuses, if any, are determined for the past year's performance, and option grants or other long-term compensation awards, if any, are generally made. For fiscal 2003, the Compensation Committee reviewed the annual salaries of the Company's executive officers. At a meeting held in February 2004, the Compensation Committee set the base salaries for the Named Executive Officers for the fiscal year ending December 31, 2004 and approved cash bonuses for such officers in respect of the fiscal year ended December 31, 2003.

The Compensation Committee was advised by an independent compensation consultant regarding executive officer compensation matters, including annual base salary, annual incentives and long-term incentives. The independent compensation consultant is a consultant specializing in compensation matters in the real estate industry and is not affiliated with the Company. The Compensation Committee considered the independent compensation consultant's advice in determining base salaries for 2004 and annual bonuses and long-term incentives for fiscal 2003. In addition, the independent compensation consultant advised the Compensation Committee on the appropriate long-term incentive arrangements in order to meet the Company's objectives.

In determining executive compensation, the Compensation Committee noted several factors, including the Company's restructuring, the Company's disposition of the Long Island industrial portfolio, the Company's operating performance in a challenging economic environment and the improvement to the Company's balance sheet as a result of the Company's capital markets activities.

The following is a discussion of each element of the Company's executive compensation:

Annual Base Salary. Base salaries for the Current Named Executive Officers (as defined below) are the subject of employment and noncompetition agreements between the Company and each such executive as discussed below. Each such agreement provides that the base

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salary provided for under the respective agreement will be reviewed no less frequently than annually. For 2003, the Compensation Committee determined base salaries for the Named Executive Officers based upon comparable industry salaries, the current economic environment and the advice provided by the independent compensation consultant for the fiscal year ended December 31, 2003. The Current Named Executive Officers' 2004 base salaries increased between 0 - 10% from their 2003 base salaries.

Annual Incentives. Annual incentives are provided in the form of cash bonuses and were determined at the discretion of the Compensation Committee based upon the overall performance of the Company, the personal performance of each executive and the advice provided by the independent compensation consultant. For fiscal 2003, each of the Current Named Executive Officers received a cash bonus equal to 100% of their 2003 base salary.

Long-Term Incentives. Long-term incentives have historically been provided by the Company through a variety of means, including the grant of stock options, restricted stock awards, rights and, in prior years, stock loans to purchase the Company's common stock. These awards are intended to align the executive's long-term objectives with those of the Company's stockholders. The grant of stock options, restricted stock awards, rights and stock loans are made under the Company's stock option plans which are administered by the Compensation Committee. The Compensation Committee has the discretion to determine those individuals to whom awards are made and the terms and conditions of the awards.

Chief Executive Officer. The Compensation Committee determined the 2003 compensation of the Chief Executive Officer in accordance with the above discussion.

Tax Deductibility of Executive Compensation. Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), limits the deductibility on the Company's tax return of compensation over \$1 million to the Chief Executive Officer and the next four highest compensated officers of the Company (the "Covered Employees") unless, in general, the compensation is paid pursuant to a plan which is performance-related, non-discretionary and has been approved by the Company's stockholders.

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The Company paid aggregate compensation of approximately \$7.9 million to its Covered Employees during 2003 which would be non-deductible under the limitations set forth in section 162(m).

Submitted by the Compensation Committee
of the Board of Directors of the Company*

Lewis S. Ranieri (Chairman)
Peter Quick

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During the year ended December 31, 2003, the Compensation Committee was comprised of Messrs. Quick and Ranieri. At a Board of Directors meeting held in March 2004, the Compensation Committee was reconstituted. The current members of the Compensation Committee are Messrs. Ranieri (Chairman), Crocker, Menaker and Steinberg.

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Summary Compensation Table

The following table sets forth information regarding the compensation awarded for the past three fiscal years to Scott H. Rechler, Chief Executive Officer of the Company and the other four most highly compensated executive officers of the Company (the "Current Named Executive Officers"), and to the former Co-Chief Executive Officer of the Company and two former executive officers, each of whom was no longer serving as an officer of the Company at the end of the most recent fiscal year (the "Former Named Executive Officers" and together with the Current Named Executive Officers, the "Named Executive Officers").

Current Named Executive Officers

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Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Restricted Stock Awards\$(2)	Other\$(5)
		Salary\$(1)	Bonus(\$)		
Scott H. Rechler	2003	486,875	486,875		35,754(6)
Chief Executive Officer and President	2002	486,875	486,875		35,754(7)
	2001	475,000	0	885,148(3)	
Michael Maturo	2003	435,625	435,625		
Executive Vice President,	2002	435,625	435,625		
Chief Financial Officer and Treasurer	2001	425,000	350,000		