

CHIMERA INVESTMENT CORP

FORM 8-K (Current report filing)

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

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): August 5, 2015

Chimera Investment Corporation
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

1-33796
(Commission File Number)

26-0630461
(IRS Employer
Identification No.)

1211 Avenue of the Americas
New York, New York 10036
(Address of principal executive offices)

Registrant's telephone number, including area code: (646) 454-3759

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

Internalization

On August 5, 2015, Chimera Investment Corporation (the “Company.”) entered into agreements to internalize the Company’s management (the “Internalization.”). This Form 8-K is being filed to disclose, among other things, the transactions that were completed and the agreements that various parties executed in order to effect the Internalization.

Transition Services Agreement

On August 5, 2015, the Company entered into a transition services agreement (the “Transition Services Agreement.”) with Fixed Income Discount Advisory Company (“FIDAC.”), a wholly owned subsidiary of Annaly Capital Management, Inc. (“Annaly”). The Company previously had been managed by FIDAC pursuant to a management agreement (the “Management Agreement.”). Pursuant to the Transition Services Agreement, effective August 5, 2015, the Company and FIDAC have terminated the Management Agreement, and the Company has hired a number of employees formerly employed by FIDAC or its affiliates. In addition, FIDAC will continue to provide to the Company a number of services previously provided under the Management Agreement at the same level, quality and time frame until December 31, 2015, at which time the Company has the option to extend the term of the Transition Services Agreement for up to three one-month extension periods (the term of the Transition Services Agreement, including any extensions, being referred to herein as the “Term.”). Upon expiration of the Term, FIDAC will not provide any further management services to the Company. The Transition Services Agreement provides for the transfer of certain information technology equipment and software to the Company. As described in the Transition Services Agreement, the Company has extended offers of employment to certain employees of FIDAC and its affiliates, including certain of FIDAC’s executive officers whose employment arrangements are further described in Item 5.02 below. The Company had also been party to an administrative services agreement (the “Administrative Services Agreement.”) with RCap Securities, Inc. (“RCap.”), a sister company of FIDAC, pursuant to which RCap provided trade clearing and brokerage services to the Company from time to time. Under the terms of the Transition Services Agreement and in furtherance of the completion of the Internalization, the Management Agreement and the Administrative Services Agreement were both terminated without the payment of any termination fee.

A copy of the Transition Services Agreement is filed as Exhibit 2.1 and incorporated in this Item 1.01 by reference. The above description is a summary of the Transition Services Agreement and is qualified in its entirety by the complete text of the Transition Services Agreement.

Share Repurchase Agreement

On August 5, 2015, the Company entered into a share repurchase agreement (the “Share Repurchase Agreement.”) with Annaly, the parent company of FIDAC. Pursuant to the terms of the Share Repurchase Agreement, the Company agreed to purchase all of the 8,996,553 shares of common stock of the Company owned by Annaly for an aggregate purchase price of \$126.4 million (the “Direct Share Buyback.”).

A copy of the Share Repurchase Agreement is filed as Exhibit 2.2 and incorporated in this Item 1.01 by reference. The above description is a summary of the Share Repurchase Agreement and is qualified in its entirety by the complete text of the Share Repurchase Agreement.

A copy of the joint press release announcing the Internalization is furnished as Exhibit 99.1.

ITEM 1.02. TERMINATION OF MATERIAL DEFINITIVE AGREEMENT

The information set forth in Item 1.01 is incorporated by reference into this Item 1.02.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 5, 2015, the Company issued a press release announcing its financial results for the quarter ended June 30, 2015. A copy of the press release is furnished as Exhibit 99.2 to this report.

On August 5, 2015, the Company posted supplemental financial information on the Investor Relations section of its website (www.chimerareit.com). A copy of the supplemental financial information is furnished as Exhibit 99.3 to this report and incorporated herein by reference.

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

Employment Agreements

In connection with the Internalization, the Company entered into employment agreements with certain current senior executives of Annaly, FIDAC and the Company. A copy of each of the employment agreements is filed as an exhibit herewith and incorporated in this Item 5.02 by reference.

Continuation of Matthew Lambiasi as Chief Executive Officer

On August 5, 2015, the Company entered into an employment agreement with Matthew Lambiasi (the "Lambiasi Employment Agreement"), pursuant to which Mr. Lambiasi will continue to be employed as the Chief Executive Officer of the Company. The effective date of the Lambiasi Employment Agreement is August 5, 2015 (the "Effective Date"). In this position, Mr. Lambiasi will continue to report directly to the Company's Board of Directors. The Lambiasi Employment Agreement provides for Mr. Lambiasi's appointment to the Company's Board of Directors as of the Effective Date and his nomination for reelection thereto at each annual meeting of shareholders occurring during the term of such employment agreement thereafter.

Prior to entering into the Lambiasi Employment Agreement, Mr. Lambiasi was a Managing Director and Head of Business Development for Annaly since June 2004 and the President and Chief Executive Officer of the Company since August 2007. Prior to joining Annaly, Mr. Lambiasi was a Director in Fixed Income Sales at Nomura Securities International, Inc. Mr. Lambiasi also held positions at Bear, Stearns & Company as Vice President in Institutional Fixed Income Sales and as a mortgage analyst in the Financial Analytics and Structured Transaction Group. Mr. Lambiasi has a BA from the University of Dayton.

The material terms of the Lambiasi Employment Agreement are as follows:

Term: Mr. Lambiasi's term of employment under the Lambiasi Employment Agreement will commence on the Effective Date and continue until December 31, 2018, and will be extended for an additional one year period on such date and on each subsequent anniversary thereof, unless either party provides written notice of nonrenewal to the other party not less than 90 days prior to the renewal date. Upon a change in control, the term of the Lambiasi Employment Agreement will be extended to the second anniversary of such change in control.

Salary: Mr. Lambiasi will receive a base salary of \$750,000 per annum.

Annual Bonus: For calendar years 2016, 2017 and 2018, Mr. Lambiasi will be eligible to receive an annual bonus with a target of \$4,000,000 and a maximum of 140% of such target. 50% of the bonus will be based on the Company's annual return on average equity ("ROAE"), 25% of the bonus will be based on the Company's three-year average total shareholder return ("TSR") and 25% of the bonus will be based on discretionary factors. The ROAE portion of the bonus will be paid in cash, the TSR portion of the bonus will be granted in the form of performance stock units ("PSUs") that cliff vest after three years based on the Company's average TSR over such period and the discretionary portion will be paid in restricted stock or restricted stock units ("RSUs") that will vest ratably over three years, subject to his continuing employment (provided that 66.7% of the discretionary portion of the 2016 bonus will be paid in cash).

2015 Bonus: For calendar year 2015, Mr. Lambiasi will be entitled to a guaranteed bonus of \$2,329,000 and a discretionary bonus of up to \$1,035,000. 75% of such bonuses will be paid in cash and 25% will be

paid in restricted stock or RSUs that will vest ratably over three years, subject to his continuing employment.

2015 Long-Term Incentive Stock Award: For 2015, Mr. Lambiase will be granted restricted stock or RSUs having a grant date fair market value of \$776,000 that will vest ratably over three years, subject to his continuing employment.

Termination/Severance: The Company may terminate Mr. Lambiase's employment without Cause or for Disability (each as defined in the Lambiase Employment Agreement) and Mr. Lambiase may terminate his employment with or without Good Reason (as defined in the Lambiase Employment Agreement), in each case, with 90 days' written notice. The Company may terminate Mr. Lambiase's employment at any time for Cause. Subject to his execution of a release of claims and his continued compliance with all applicable restrictive covenants, Mr. Lambiase will be entitled to the following severance payments and benefits upon termination of employment under the circumstances described below.

1. Termination without Cause / for Good Reason other than within 24 months following a change in control. If, during the term of the Lambiase Employment Agreement, his employment is terminated by the Company without Cause or by Mr. Lambiase for Good Reason other than within 24 months following a change in control of the Company, Mr. Lambiase will be entitled to: (i) a severance payment equal to one times the sum of his base salary and his three-year (or shorter) average annual bonuses, payable in 12 equal monthly installments (the "Severance Amount"); (ii) 12 months of Company-paid COBRA premiums; (iii) accelerated vesting of time-based equity awards; (iv) continued vesting potential of the PSUs granted in connection with the TSR portion of his annual bonus; (v) payment of any earned but unpaid annual bonus for the prior calendar and (vi) a pro-rata portion of the ROAE and discretionary portions of the annual bonus that he would have received for the year of termination.
2. Termination without Cause / for Good Reason within 24 months following a change in control. If, during the term of the Lambiase Employment Agreement, his employment is terminated by the Company without Cause or by Mr. Lambiase for Good Reason within 24 months following a change in control of the Company, Mr. Lambiase will be entitled to (i) a lump sum payment equal to the Severance Amount, (ii) 18 months of Company-paid COBRA premiums; (iii) accelerated vesting of time-based equity awards (including the PSUs granted in connection with the TSR portion of his annual bonus, which will be converted into time-based RSUs upon a change in control based on the Company's TSR through such change in control); (v) payment of any earned but unpaid annual bonus for the prior calendar and (vi) a pro-rata portion of the ROAE and discretionary portions of the annual bonus that he would have received for the year of termination.
3. Termination due to death or Disability. In the event of termination of Mr. Lambiase's employment due to his death or Disability during the term of the Lambiase Employment Agreement, Mr. Lambiase (or his estate) will be entitled to (i) any earned but unpaid annual bonus for the prior calendar year, (ii) if such termination is due to Disability, 18 months of Company-paid COBRA premiums, (iii) accelerated vesting of time-based equity awards and (iv) if such termination is due to Disability, continued vesting potential of the PSUs granted in connection with the TSR portion of the annual bonus.
4. Termination by the Company without Cause after expiration of the term of the employment agreement following notice of nonrenewal thereof by the Company. If, after the expiration of the term of the Lambiase Employment Agreement following notice of nonrenewal thereof from the Company, Mr. Lambiase's employment is terminated by the Company without Cause, Mr. Lambiase will be entitled to continuation of his base salary for a period of 12 months.

Restrictive Covenants: Mr. Lambiase is subject to customary non-solicitation and non-competition covenants during his employment and for twelve months post-employment, and is also bound by customary

non-disparagement and confidentiality restrictions.

Stock Ownership Requirements and Clawback Policy: Mr. Lambiasi is subject to the Company's stock ownership guidelines and, unless otherwise provided therein, is required to own stock of the Company (including restricted stock) exceeding five times his annual base salary during employment and shall not be permitted to transfer stock received on the vesting of equity awards for six months thereafter unless he otherwise maintains such stock ownership level during such six month period. All bonuses, equity compensation and other incentive compensation paid by the Company to Mr. Lambiasi will be subject to any applicable clawback policy of the Company.

Appointment of Choudhary Yarlagadda as Chief Operating Officer

On August 5, 2015, the Company entered into an employment agreement with Choudhary Yarlagadda (the "Yarlagadda Employment Agreement"), pursuant to which Mr. Yarlagadda will become the Chief Operating Officer of the Company. The effective date of the Yarlagadda Employment Agreement is August 5, 2015 (the "Effective Date"). In this position, Mr. Yarlagadda will report directly to the Company's Chief Executive Officer.

Prior to entering into the Yarlagadda Employment Agreement, Mr. Yarlagadda was a Managing Director and Head of Structured Products for Annaly since January 2008. Prior to joining Annaly, Mr. Yarlagadda was a Director in Structured Credit Products at Credit Suisse and also a Vice President in the Fixed Income Mortgage Group at Nomura Securities International, Inc. Mr. Yarlagadda has an MS from the Florida Institute of Technology and BS from the National Institute of Technology.

Under the Yarlagadda Employment Agreement:

Term: The Term of Employment is the same as under the Lambiasi Employment Agreement.

Salary: Mr. Yarlagadda will receive a base salary of \$750,000 per annum.

Annual Bonus: For calendar years 2016, 2017 and 2018, Mr. Yarlagadda will be eligible to receive an annual bonus with a target of \$2,700,000 and a maximum of 140% of such target, on the same terms and conditions as under the Lambiasi Employment agreement.

2015 Bonus: For calendar year 2015, Mr. Yarlagadda will be entitled to a guaranteed bonus of \$1,465,000 and a discretionary bonus of up to \$651,000. 75% of such bonuses will be paid in cash and 25% will be paid in restricted stock or RSUs that will vest ratably over three years, subject to his continuing employment with the Company.

2015 Long-Term Incentive Stock Award: For 2015, Mr. Yarlagadda will be granted restricted stock or RSUs in the Company having a grant date fair market value of \$488,000 that will vest ratably over three years, subject to his continuing employment.

Termination/Severance: The termination and severance provisions are the same as under the Lambiasi Employment Agreement.

Restrictive Covenants: The restrictive covenant provisions are the same as under the Lambiasi Employment Agreement.

Stock Ownership Requirements and Clawback Policy: Mr. Yarlagadda is subject to the same stock ownership requirements and clawback policies as Mr. Lambiasi, except that he is required to own stock of the company (including restricted stock) exceeding three times his annual base salary.

Continuation of Mohit Marria as Chief Investment Officer

On August 5, 2015, the Company entered into an employment agreement with Mohit Marria (the "Marria Employment Agreement"), pursuant to which Mr. Marria will continue to be employed as the Chief Investment

Officer of the Company. The effective date of the Marria Employment Agreement is August 5, 2015 (the "Effective Date"). In this position, Mr. Marria will continue to report to the Company's Chief Executive Officer.

Prior to entering into the Marria Employment Agreement, Mr. Marria was the Company's Chief Investment Officer and an Executive Vice President of FIDAC. Mr. Marria joined FIDAC in August 2005. While at FIDAC, Mr. Marria had responsibility for the development and implementation of the Company's trading strategies in residential mortgage-backed securities, residential mortgage loans and its derivatives portfolio. Mr. Marria has been a member of the Company's investment team since its inception. Mr. Marria joined FIDAC from American International Group (AIG). Prior to working at AIG, Mr. Marria worked at Metropolitan Life Insurance Company. Mr. Marria earned a Bachelor's Degree in Finance and an M.B.A., each from Rutgers University.

The material terms of the Marria Employment Agreement are as follows:

Term: The Term of Employment is the same as under the Lambiasi Employment Agreement.

Salary: Mr. Marria will receive a base salary of \$300,000 per annum for the remainder of calendar year 2015, and a base salary of \$400,000 per annum thereafter.

Annual Bonus: For calendar years 2016, 2017 and 2018, Mr. Marria will be eligible to receive an annual bonus with a target of \$1,600,000 and a maximum of 140% of such target, on the same terms and conditions as under the Lambiasi Employment agreement.

2015 Bonus: For calendar year 2015, Mr. Marria will be entitled to a guaranteed bonus of \$1,041,000 and a discretionary bonus of up to \$463,000. 75% of such bonuses will be paid in cash and 25% will be paid in restricted stock or RSUs that will vest ratably over three years, subject to his continuing employment with the Company.

2015 Long-Term Incentive Stock Award: For 2015, Mr. Marria will be granted restricted stock or RSUs in the Company having a grant date fair market value of \$347,000 that will vest ratably over three years, subject to his continuing employment.

Termination/Severance: The termination and severance provisions are the same as under the Lambiasi Employment Agreement.

Restrictive Covenants: The restrictive covenant provisions are the same as under the Lambiasi Employment Agreement.

Stock Ownership Requirements and Clawback Policy: Mr. Marria is subject to the same stock ownership requirements and clawback policies as Mr. Lambiasi, except that he is required to own stock of the company (including restricted stock) exceeding three times his annual base salary.

Continuation of Robert Colligan as Chief Financial Officer

On August 5, 2015, the Company entered into an employment agreement with Robert Colligan (the "Colligan Employment Agreement"), pursuant to which Mr. Colligan will become the Chief Financial Officer of the Company. The effective date of the Colligan Employment Agreement is August 5, 2015 (the "Effective Date"). In this position, Mr. Colligan will report directly to the Company's Chief Executive Officer.

Prior to entering into the Colligan Employment Agreement, Mr. Colligan was a Managing Director at FIDAC. Before joining FIDAC as a Managing Director in May 2013, Mr. Colligan was the Controller for Starwood Capital Group where he focused on financial reporting, treasury, tax, operational and strategic initiatives. Prior to Starwood Capital Group, from 2002 to 2008 Mr. Colligan was a Managing Director at Bear Stearns and from 1999 to 2002 he was a Vice President at Merrill Lynch in financial reporting, strategy and investor relations roles. Mr. Colligan began his career at PricewaterhouseCoopers where from 1993 to 1999 he had roles in both audit and national tax. He has a Bachelor of Science in Accounting from Villanova University, a Masters in Taxation from George Washington University and is a Certified Public Accountant.

The material terms of the Colligan Employment Agreement are as follows:

Term: The Term of Employment is the same as under the Lambiasi Employment Agreement.

Salary: Mr. Colligan will receive a base salary of \$300,000 per annum for the remainder of calendar year 2015, and a base salary of \$400,000 per annum thereafter.

Annual Bonus: For calendar years 2016, 2017 and 2018, Mr. Colligan will be eligible to receive an annual bonus with a target of \$1,500,000 and a maximum of 140% of such target, on the same terms and conditions as under the Lambiasi Employment agreement.

2015 Bonus: For calendar year 2015, Mr. Colligan will be entitled to a guaranteed bonus of \$928,000 and a discretionary bonus of up to \$413,000. 75% of such bonuses will be paid in cash and 25% will be paid in restricted stock or RSUs that will vest ratably over three years, subject to his continuing employment with the Company.

2015 Long-Term Incentive Stock Award: For 2015, Mr. Colligan will be granted restricted stock or RSUs in the Company having a grant date fair market value of \$309,000 that will vest ratably over three years, subject to his continuing employment.

Termination/Severance: The termination and severance provisions are the same as under the Lambiasi Employment Agreement.

Restrictive Covenants: The restrictive covenant provisions are the same as under the Lambiasi Employment Agreement.

Stock Ownership Requirements and Clawback Policy: Mr. Colligan is subject to the same stock ownership requirements and clawback policies as Mr. Lambiasi, except that he is required to own stock of the company (including restricted stock) exceeding three times his annual base salary.

Appointment of Phillip J. Kardis, II, Esq. as General Counsel

On August 5, 2015, the Company entered into an employment agreement with Phillip J. Kardis, II, Esq. (the "Kardis Employment Agreement"), pursuant to which Mr. Kardis will become the General Counsel of the Company. The effective date of the Kardis Employment Agreement is August 5, 2015 (the "Effective Date") and his employment will begin on September 1, 2015 or such earlier date as the parties may agree. In this position, Mr. Kardis will report directly to the Company's Chief Executive Officer.

Prior to entering into the Kardis Employment Agreement, Mr. Kardis was a partner with the law firm of K&L Gates LLP where he represented mortgage REITs and other companies and funds that acquire, originate, service and finance residential mortgage loans, mortgage servicing rights and mortgage backed securities, including the Company and Annaly. Prior to joining K&L Gates LLP in 2004, Mr. Kardis practiced corporate and securities law at several law firms. In addition, Mr. Kardis has held positions at the U.S. Department of Commerce, where he assisted the US Trade Representative in WTO arbitration, at Rockwell International, as a registered lobbyist, the U.S. Senate Committee on the Budget, as the science and space advisor, and at Analytic Services, Inc., as a defense analyst. Mr. Kardis has a BA from the George Washington University, an MA from George Washington University, an MA from George Mason University, and a JD from the Georgetown University Law Center.

The material terms of the Kardis Employment Agreement are as follows:

Term: Mr. Kardis's employment under the Kardis Employment Agreement will commence on September 1, 2015 (or such earlier date as the parties may agree) and continue until December 31, 2018, and will be extended for an additional one year period on such date and on each subsequent anniversary thereof, unless either party provides written notice of nonrenewal to the other party not less than 90 days prior to the renewal date. Upon a change in control, the term of the Kardis Employment Agreement will be extended to the second anniversary of such change in control.

Salary : Mr. Kardis will receive a base salary of \$750,000 per annum.

Annual Bonus: For calendar years 2016, 2017 and 2018, Mr. Kardis will be entitled to (i) an annual cash bonus equal to at least 200% of his base salary and (ii) the opportunity to receive a discretionary annual restricted stock bonus having a grant date fair market value equal to 33% of his base salary that vests ratably over three years, subject to his continuing employment.

2015 Bonus : For 2015, Mr. Kardis will be entitled to a guaranteed cash bonus of no less than \$500,000.

2015 Long-Term Incentive Stock Award: In the first calendar quarter of 2016, for the period from September 1, 2015 to December 31, 2015, the Company will grant Mr. Kardis restricted stock having a grant date fair market value of \$250,000 that vests in equal annual installments on the first three anniversaries of the grant date, subject to Mr. Kardis's continuing employment

Annual Long-Term Incentive Stock Awards : The Company will grant Mr. Kardis, on an annual basis commencing in the first quarter of 2016, restricted stock in the Company having a grant date fair market value of \$500,000 that vests ratably over three years, subject to his continuing employment.

Termination/Severance: The termination and severance provisions are materially the same as under the Lambiasi Employment Agreement.

Restrictive Covenants: The restrictive covenant provisions are the same as under the Lambiasi Employment Agreement.

Stock Ownership Requirements and Clawback Policy : Mr. Kardis is subject to the same stock ownership requirements and clawback policies as Mr. Lambiasi, except that he is required to own stock of the company (including restricted stock) exceeding three times his annual base salary.

ITEM 8.01. OTHER EVENTS

Share Repurchase Program

On August 5, 2015, the Company's Board of Directors authorized a share repurchase program (the "Share Repurchase Program"), pursuant to which the Company may, from time to time, purchase shares of its common stock for an aggregate repurchase price not to exceed \$250 million. Share repurchases may be executed through various means, including, without limitation, open market transactions, privately negotiated transactions or tender offers. The Share Repurchase Program expires in December 2016 and does not obligate the Company to purchase any shares.

The Share Repurchase Agreement that is described and defined in Item 1.01 above was made pursuant to the Share Repurchase Program. The aggregate purchase price for the shares to be acquired by the Company in the Direct Share Buyback will decrease the amount available for repurchase under the Share Repurchase Program. Giving effect to the Direct Share Buyback, the remaining authorization under the Share Repurchase Program would permit future repurchases by the Company of shares of common stock having an aggregate purchase price of up to \$123.6 million.

A copy of the press release announcing the Share Repurchase Program is furnished as Exhibit 99.2 to this report.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
2.1 *	Transition Services Agreement, dated as of August 5, 2015, by and between the Company and FIDAC **

2.2 *	Share Repurchase Agreement, dated as of August 5, 2015, by and between the Company and Annaly **
10.1	Employment Agreement, dated August 5, 2015, between the Company and Matthew Lambiase
10.2	Employment Agreement, dated August 5, 2015, between the Company and Choudhary Yarlagadda
10.3	Employment Agreement, dated August 5, 2015, between the Company and Mohit Marria
10.4	Employment Agreement, dated August 5, 2015, between the Company and Robert Colligan
10.5	Employment Agreement, dated August 5, 2015, between the Company and Phillip J. Kardis, II, Esq.
99.1	Joint Press Release, dated August 5, 2015, issued by the Company and Annaly announcing the internalization of the Company's management
99.2	Press Release, dated August 5, 2015, issued by the Company announcing the Company's share repurchase program and the Company's financial results for the quarter ended June 30, 2015
99.3	Supplemental financial information for the quarter ended June 30, 2015

* The agreement itself has been provided solely to inform investors of its terms. The agreement contains representations and warranties by the parties to the agreement, made solely for the benefit of the other party. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules and similar attachments that the parties have exchanged in connection with signing the agreement. The agreement may include disclosure schedules and similar attachments that contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the agreement. Moreover, certain representations and warranties in the agreement were made as of a specified date, may be subject to a contractual standard of materiality different from what may be viewed as material to shareholders or may have been used for the purpose of allocating risk between the parties to the agreement. Also some representations and warranties may be made to place on one party the risk that facts or occurrences that are not certain will be as desired. Accordingly, investors are not third-party beneficiaries under the agreement and should not rely on the representations and warranties in the agreement as characterizations of the actual state of facts about the parties to the agreement at the time they were made or otherwise.

** Schedules and similar attachments omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a supplemental copy of any omitted schedules to the SEC upon request.

SIGNATURE

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

CHIMERA INVESTMENT CORPORATION

Dated: August 5, 2015

BY: /s/ ROB COLLIGAN
Rob Colligan
Chief Financial Officer

EXHIBIT INDEX

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TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this "Agreement") is made as of August 5, 2015 by and between CHIMERA INVESTMENT CORPORATION, a Maryland corporation (the "Company"), FIXED INCOME DISCOUNT ADVISORY COMPANY, a Delaware corporation (the "Consultant") and solely for the purposes described on its signature page hereto, RCAP SECURITIES, INC., a Maryland corporation.

RECITALS

WHEREAS, the Company and the Consultant are parties to that certain Amended and Restated Management Agreement, dated as of August 8, 2014 (the "Management Agreement");

WHEREAS, the Company and the Consultant have mutually agreed to terminate the Management Agreement as described herein; and

WHEREAS, pursuant to this Agreement, during the Transition Period, the Consultant will provide to the Company the Transition Services.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

I. Definitions. As used in this Agreement, the following terms have the definitions hereinafter indicated:

"Access Obligations" has the meaning set forth in Section 4(e).

"Actual Cost" means, with respect to any Transition Service provided by the Consultant during any Extension Term, the actual cost to the Consultant of providing such Transition Service, which shall approximate the Consultant's historical cost prior to the Effective Time of providing such Transition Service under the Management Agreement.

"Administrative Services Agreement" means that certain Administrative Services Agreement between the Company and RCap Securities, Inc.

"Affiliate" means with respect to any Person, any other person directly or indirectly controlling, controlled by, or under common control with, such Person, except that, for all purposes of this Agreement, (i) the Company shall not be deemed an Affiliate of the Consultant, Annaly Capital Management, Inc., Annaly Management Company LLC or any of their respective Affiliates, and (ii) Annaly Management Company LLC shall be deemed an Affiliate of the Consultant for all purposes hereunder. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or other ownership interests, by contract or otherwise.

"Agreement" has the meaning set forth in the preamble hereto.

"Bill of Sale" has the meaning set forth in Section 4(c).

“Board of Directors” means the Board of Directors of the Company.

“Company” has the meaning set forth in the preamble hereto.

“Company Exclusive Information” has the meaning set forth in Section 4(e).

“Company Indemnified Party” has the meaning set forth in Section 11(b).

“Confidential Information” has the meaning set forth in Section 15.

“Consultant” has the meaning set forth in preamble hereto.

“Consultant Indemnified Party” has the meaning set forth in Section 11(a).

“Credited Amount” has the meaning set forth in Schedule A.

“Designated Representative” has the meaning set forth in Section 5.

“Disclosing Party” has the meaning set forth in Section 15.

“Effective Time” has the meaning set forth in Section 2(a).

“Effective Time Employee” means each of the individuals set forth on Schedule B.

“Encumbrances” means liens, security interests, security agreements, conditional sale or other title retention agreements, leases, pledges, equities, proxies, charges, adverse claims, mortgages, rights of first refusal, preemptive rights, restrictions, encumbrances, easements, covenants, assessments, attachments, licenses, options or title defects of any kind whatsoever, or any agreement to give any of the foregoing.

“Expenses” has the meaning set forth in Section 6(b).

“Extension Notice” has the meaning set forth in Section 8.

“Extension Term” has the meaning set forth in Section 8.

“Force Majeure Event” has the meaning set forth in Section 19.

“GAAP” means generally accepted accounting principles as in effect from time to time.

“Governmental Authority” means any national, federal, state, provincial, county, municipal or local government, foreign or domestic, or the government of any political subdivision of any of the foregoing, or any court, tribunal, arbitrator, arbitration panel, entity, authority, agency, ministry or other similar body exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including any authority or other quasi governmental entity established to perform any of such functions.

“HR and Administrative Services” means those services and activities described in Sections 2(b)(vii) and (viii) of the Management Agreement (but excluding, for all purposes, the employment of any Effective Time Employee).

“Indemnitee” has the meaning set forth in Section 11(b).

“Indemnitor” has the meaning set forth in Section 11(c).

“Initial Termination Date” has the meaning set forth in Section 8.

“Investment Advisory Services” means those services and activities described in Sections 2(b)(i) through (vi), (xi), (xiv) through (xvii), (xxii), (xxv) and (xxvi) of the Management Agreement, Portfolio Management Services and Monitoring Services (each as defined in the Management Agreement).

“Investor Relations Services” means those services and activities described in Section 2(b)(ix) of the Management Agreement.

“Law” means any statute, law, rule, regulation, code, ordinance, order, or binding directive of any Governmental Authority, in each case as in effect as at the applicable time.

“Legal and Compliance Services” means those services and activities described in Sections 2(b)(xiii), (xviii) (solely as it relates to legal-related matters; *provided*, that the retention of any legal counsel after the Effective Time shall require the prior express written consent of the Company’s Board of Directors), (xix), (xx) and (xxiii) of the Management Agreement.

“Management Agreement” has the meaning set forth in the Recitals hereto.

“Net Worth” means, at any time with respect to any Person, the total shareholders’ equity (including capital stock, additional paid-in capital and retained earnings) which would appear on the balance sheet of such Person determined on a consolidated basis in accordance with GAAP.

“Non-disclosing Party” has the meaning set forth in Section 15.

“Other Services” means those services and activities provided by the Consultant to the Company under the Management Agreement other than the HR and Administrative Services, the Investment Advisory Services, the Investor Relations Services, the Legal and Compliance Services, the Reporting Services and the Tax and Accounting Services, excluding services relating to electronic systems and information technology.

“Party” means a party to this Agreement.

“Person” means an individual, a limited liability company, joint venture, a corporation, a partnership, an association, a trust, a division or operating group of any of the foregoing, or other entity or organization.

“Reporting Services” means (a) those services and activities described in Sections 2(k) and 2(l) of the Management Agreement and (b) middle office and valuation services.

“Restrictive Period” has the meaning set forth in Section 16.

“Service Costs” has the meaning set forth in Section 6(a).

“Share Repurchase Agreement” means that certain Share Repurchase Agreement, dated as of the date hereof, by and between the Company and Annaly Capital Management, Inc., an Affiliate of the Consultant.

“Subcontractors” has the meaning set forth in Section 4(b).

“Subsidiary” means any subsidiary of the Company; any partnership, the general partner of which is the Company or any subsidiary of the Company; and any limited liability company, the managing member of which is the Company or any subsidiary of the Company.

“Tax and Accounting Activities” means those services and activities described in Sections 2(b)(xii), (xviii) and (xxi) (solely as it relates to accounting and tax-related matters; *provided*, that the retention of any qualified accountants after the Effective Time shall require the prior express written consent of the Company’s Board of Directors).

“Termination Date” means the date on which this Agreement, including any Extension Terms, terminates in accordance with Section 8.

“Transaction Documents” means this Agreement, the Share Repurchase Agreement and the Bill of Sale.

“Transfer Obligations” has the meaning set forth in Section 4(e).

“Transferred IT Equipment and Software” has the meaning set forth in Schedule C.

“Transition Period” means the period from (and including) the date hereof until the Termination Date.

“Transition Services” has the meaning set forth in Section 4(a).

2. Termination of Management Agreement and Related Matters.

(a) Effective as of 12:01 a.m. on the date hereof (the “Effective Time”), each of the Management Agreement and the Administrative Services Agreement is hereby terminated in its entirety, *provided* that (i) the provisions of Sections 8 (Compensation) and 9 (Expenses of the Company) of the Management Agreement shall survive such termination to the extent of any compensation earned or expenses incurred or payable by the Manager (as defined in the Management Agreement) prior to the Effective Time and the obligations of the Manager (as defined in the Management Agreement) under Section 9 of the Management Agreement to pay expenses incurred in connection with the Evaluation, Restatement and Investigation (each, as defined in the Management Agreement) shall survive such termination until all such obligations are fully discharged, and (ii) the provisions of Section 11 (Limits of Manager Responsibility; Indemnification) of the Management Agreement shall survive as to any claim arising or resulting from events occurring prior to the Effective Time.

(b) The Company acknowledges and agrees that from and after the Effective Time the Consultant shall no longer be the “investment adviser” of the Company for purposes of the Investment Advisers Act of 1940, as amended, and that the Consultant’s duties and obligations to the Company from and after the Effective Time shall be limited to only those expressly set forth in the Transaction Documents.

3. Personnel Matters.

(a) In connection with the termination of the Management Agreement as described in Section 2 above, the Company has made offers of employment to each Effective Time Employee, and each Effective Time Employee has accepted such offer of employment. The Consultant or one of its Affiliates, as applicable, shall be solely responsible for all obligations and liabilities of all of its employees during the period of their employment with the Consultant or such Affiliate, including without

limitation each Effective Time Employee, and the Company shall be solely responsible for all obligations and liabilities for each Effective Time Employee arising on or after the Effective Time.

(b) To the extent applicable to any Effective Time Employee, the Consultant hereby waives, on its behalf and on behalf of its Affiliates, any restrictive covenant, including without limitation any non-competition and non-solicitation obligations and any other covenant that could impede the ability of such Effective Time Employee to perform his or her duties for the Company, but excluding in all cases any restrictive covenant relating to non-disclosure of Confidential Information of the Consultant or any of its Affiliates, made by any Effective Time Employee prior to the Effective Time in favor only of the Consultant or any of its Affiliates.

(c) With respect to each grant of restricted common stock made by the Company to any employee of the Consultant or its Affiliates (other than any Effective Time Employee) prior to the Effective Time under the Company's Equity Incentive Plan, the Company shall take all necessary actions to cause all shares of restricted common stock subject to such grants to fully and finally vest within thirty (30) days of the date hereof.

4. Appointment; Sale of Certain Assets.

(a) Subject to Section 4(b) below and the terms and conditions of this Agreement, during the Transition Period the Consultant shall provide to the Company each service listed and described on Schedule A (each, a "Transition Service" and collectively, the "Transition Services").

(b) The Consultant may use contractors, subcontractors, vendors or other third parties under contract with the Consultant (collectively, "Subcontractors") to provide some or all of the Transition Services; *provided*, that any such use of a Subcontractor shall be subject to the prior written consent of the Company's Board of Directors. In the event that the Consultant uses any Subcontractors to perform any Transition Services, the Consultant shall remain responsible for the Transition Services provided by each Subcontractor to the same extent as if the Consultant had performed the Services itself. The retention of any Subcontractor pursuant to this Section 4(b) shall not result in increased cost to the Company for any Transition Service, and any such increase over the cost of such Transition Service prior to the retention of such Subcontractor shall promptly be reimbursed to the Company by the Consultant.

(c) In connection with the provision of the Transition Services, the Consultant hereby fully and absolutely assigns, transfers, conveys and delivers to the Company the Transferred IT Equipment and Software effective as of the Effective Time, and will execute and deliver a Bill of Sale (the "Bill of Sale") and any other instrument reasonably requested by the Company evidencing such assignment, transfer, conveyance and delivery. The Bill of Sale shall be attached hereto as Exhibit A.

(d) The Company shall use its good faith, commercially reasonable efforts to internalize its management so that all Transition Services provided hereunder have been discontinued by December 31, 2015, and the Consultant shall provide any assistance or advice within the scope of the Transition Services reasonably requested by the Company to achieve this goal.

(e) Subject in each case to the provisions of Section 4(f): Any business records, contracts or other information, whether in paper and/or electronic format, that relates exclusively to the business of the Company (such records, contracts and other information, "Company Exclusive Information") shall become the property of, and shall be transferred (such obligation to transfer, the "Transfer Obligations") to the Company as of the Effective Time. For the avoidance of doubt, all intellectual property rights included in such business records, contracts or other information shall also be transferred to the Company as of the Effective Date. The parties acknowledge that the Consultant or one

or more of its Affiliates may retain other business records, contracts and other information, in paper and/or electronic format, that is required by applicable Law to be retained by either Party or that relates to or is otherwise necessary or useful to the Company's business operations. The Consultant will make such business records, contracts and other information promptly available to the Company for inspection and copying upon the Company's request (subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege) for any reasonable business purpose of the Company (such obligations to make such information available, the "Access Obligations"), including but not limited to (i) complying with reporting, filing or other requirements related to the conduct of its business and imposed on the Company by any Governmental Authority; (ii) asserting or defending any claims or allegations in any arbitration or in any administrative or legal proceeding related to the Company's business; or (iii) performing its obligations under this Agreement. The Consultant and its Affiliates shall each maintain all of the foregoing business records, contracts and other information in accordance with normal document retention, data security, confidentiality and other similar policies and if the Consultant or its Affiliate desires to destroy or dispose of any of the foregoing which are material to the Company at any time prior to the seventh anniversary of the date hereof, the Consultant or its Affiliate will offer first in writing at least 60 days prior to such destruction or disposition to surrender them to the Company, if permitted by applicable Law. Subject to applicable Law, the Consultant or its Affiliate agrees to make available to the Company, for inspection and use (including copying) by the Company, all employment and personnel records (including medical records) and other information relating to any Effective Time Employee, to the extent such records and other information remain the property of the Consultant or any of its Affiliates.

(f) The parties hereto agree that:

(i) the Consultant shall be deemed to have satisfied its Transfer Obligations and Access Obligations under Section 4(e) if (a) with respect to all Company Exclusive Information that is stored electronically (other than any such information contained in e-mail related files), the Consultant provides the Company with electronic copies of such information in the same electronic format in which it is stored by the Consultant, (b) with respect to all Company-related information stored electronically in the e-mail related files of any Effective Time Employee, the Consultant provides the Company with electronic copies of such e-mail related files in the same electronic format in which it is stored by the Consultant, (c) with respect to all Company-related information stored electronically other than as described in clauses (i)(a) and (i)(b) above, including all of such information stored electronically in the e-mail related files of employees of the Consultant and its Affiliates who are not Effective Time Employees, upon request (it being agreed that any such request may be made only with respect to any such information that remains, or is reasonably expected to be, relevant to the ongoing business of the Company) the Consultant utilizes commercially reasonable electronic search techniques to identify any such relevant information and provides the Company with electronic copies of the relevant files in the same electronic format in which it is stored by the Consultant, and (d) with respect to all Company-related information that is stored physically, the Consultant shall provide for reasonable access to the facilities at which such information is stored for purposes of inspection and making copies as described in Section 4(e);

(ii) the Consultant shall not be obligated to incur any out-of-pocket costs or expenses payable to a third party in connection with the obligations described in Section 4(e) unless the Company has agreed to reimburse such costs and expenses upon demand;

(iii) nothing in Section 4(e) shall be interpreted to require the Consultant to provide the Company or any of its employees, agents or representatives access to any electronic system of the Consultant or any of its Affiliates for any purpose;

(iv) to the extent the Consultant or any of its Affiliates is obligated by applicable Law to receive an undertaking or other agreement from the Company in connection with any transfer of information contemplated by Section 4(e), the Consultant shall be under no obligation to provide such information until and unless such undertaking or other agreement has been received; and

(v) the access to such information shall be during normal business hours and shall be subject to such reasonable limitations as the Consultant or its Affiliate may impose to preserve the confidentiality of information contained therein, including without limitation any redaction of information contained therein that does not relate to the Company.

5. Standard of Performance; Cooperation. The Consultant shall perform each Transition Service in compliance with all applicable laws and at the same level, quality and time frame at which such Transition Service was previously provided to the Company under the Management Agreement. Subject to the other provisions of this Agreement, the Company and the Consultant agree to cooperate with each other in good faith in all matters relating to the provision and receipt of the Transition Services. The Company and the Consultant shall each appoint one representative (each, a "Designated Representative") who shall have primary responsibility for administration of this Agreement and for coordinating the respective party's personnel with respect to the Transition Services. The Company hereby appoints Rob Colligan and the Consultant hereby appoints Glenn Votek as the Designated Representative for the respective party. If either party wishes to appoint a different individual as its Designated Representative, it shall give written notice thereof to the other party, which notice shall include the name and contact information of the new appointee. Each party must appoint a Designated Representative at all times during the term of this Agreement.

6. Payment Terms; Expense Reimbursement.

(a) In consideration for the Transition Services, the Company shall pay the Consultant the monthly amount set forth on Schedule A (the "Service Costs"), within 30 days following invoice therefor by the Consultant; provided that the Service Cost for each Transition Service provided by the Consultant during any Extension Term shall equal (i) with respect to the first Extension Term (if any), the Actual Cost to the Consultant of providing such Transition Service, (ii) with respect to the second Extension Term (if any), the product of (A) the Actual Cost to the Consultant of providing such Transition Service, and (B) 125%, and (iii) with respect to the third Extension Term (if any), the product of (A) the Actual Cost to the Consultant of providing such Transition Service, and (B) 150%. The Company and the Consultant shall cooperate in good faith to determine the Actual Cost to the Consultant of any Transition Service provided during any Extension Term. Notwithstanding the foregoing, no amount of Service Costs shall be owed or payable by the Company hereunder unless and until the aggregate amount of Service Costs owed and payable hereunder exceeds the Credited Amount, and then only amounts of Service Costs in excess of the Credited Amount shall be payable. Within ten days following the expiration of any Extension Term, the Consultant shall provide a detailed invoice to the Company for the Service Costs incurred during such Extension Term, with the Service Costs shown for each Transition Service. The Consultant will provide to the Company and its officers, employees, counsel and other representatives, upon request, reasonable access to its officers and employees and reasonable access for inspection and copying of business records, contracts and any other information useful or necessary to verify the accuracy and reasonableness of the amounts charged to the Company for the Transition Services during any Extension Term. The access to business records and contracts contemplated by this Section 6(a) shall be during normal business hours. The Company shall pay all taxes (excluding those on the Consultant's net income), duties, levies, shipping charges and other similar charges (and any associated interest and penalties not incurred due to the action or inaction of the

Consultant) relating to the sale, transfer of ownership, installation, license, use or provision by the Consultant of the Transition Services.

(b) The Company shall pay all of its expenses and shall reimburse the Consultant for documented out-of-pocket expenses of the Consultant incurred on its behalf (collectively, the “Expenses”), which shall be charged by the Consultant consistent with historical practice prior to the Effective Time, excepting those expenses that are specifically the responsibility of the Consultant as set forth herein. Expenses include all costs and expenses which are expressly designated elsewhere in this Agreement as the Company’s, together with the following (but in each case only to the extent applicable):

- (i) expenses in connection with the issuance and transaction costs incident to the acquisition, disposition and financing of Investments (as defined in the Management Agreement);
- (ii) costs of legal, tax, accounting, consulting, auditing, administrative and other similar services rendered for the Company by providers retained by the Consultant;
- (iii) the compensation of the Independent Directors (as defined in the Management Agreement) and expenses of the Company’s directors and the cost of liability insurance to indemnify the Company’s directors and officers;
- (iv) costs associated with the establishment and maintenance of any credit facilities or other indebtedness of the Company (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any securities offerings of the Company;
- (v) expenses connected with communications to holders of securities of the Company or its Subsidiaries and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including, without limitation, all costs of preparing and filing required reports with the Securities and Exchange Commission, the costs payable by the Company to any transfer agent and registrar in connection with the listing and/or trading of the Company’s stock on any exchange, the fees payable by the Company to any such exchange in connection with its listing, costs of preparing, printing and mailing the Company’s annual report to its stockholders and proxy materials with respect to any meeting of the stockholders of the Company;
- (vi) costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third party vendors that is used solely for the Company;
- (vii) reasonable out-of-pocket expenses incurred by managers, officers and employees of the Consultant for travel on the Company’s behalf and other out-of-pocket expenses incurred by managers, officers and employees of the Consultant in connection with the purchase, financing, refinancing, sale or other disposition of an Investment or establishment and maintenance of any credit facilities and other indebtedness or any securities offerings of the Company;
- (viii) costs and expenses incurred with respect to the Company’s market information systems and publications, research publications and materials, and settlement, clearing and custodial fees and expenses;

- (ix) compensation and expenses of the Company's custodian and transfer agent, if any;
- (x) the costs of the Company's maintaining compliance with all federal, state and local rules and regulations or any other regulatory agency;
- (xi) all taxes and license fees imposed on the Company;
- (xii) all insurance costs incurred in connection with the operation of the Company's business except for the costs attributable to the insurance that the Consultant elects to carry for itself and its employees;
- (xiii) costs and expenses incurred in contracting with third parties, including Affiliates of the Consultant, for the servicing and special servicing of assets of the Company;
- (xiv) all other costs and expenses relating to the Company's business and investment operations, including, without limitation, the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of Investments, including appraisal, reporting, audit and legal fees;
- (xv) expenses relating to any office(s) or office facilities of the Company, including but not limited to disaster backup recovery sites and facilities, maintained for the Company or Investments separate from any office or offices of the Consultant;
- (xvi) expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by the Company's Board of Directors to or on account of the holders of securities of the Company or its Subsidiaries, including, without limitation, in connection with any dividend reinvestment plan;
- (xvii) any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against the Company or any Subsidiary, or against any trustee, director or officer of the Company or of any Subsidiary in his capacity as such for which the Company or any Subsidiary is required to indemnify such trustee, director or officer by any court or governmental agency; and
- (xviii) all other out-of-pocket expenses actually incurred by the Consultant which are reasonably necessary for the provision by the Consultant of the Transition Services under this Agreement.

The Consultant may, at its option, elect not to seek reimbursement for certain expenses during a given monthly period, which determination shall not be deemed to construe a waiver of reimbursement for similar expenses in future periods. Except as noted above, the Consultant is responsible for all costs incident to the performance of its duties under this Agreement, including compensation of the Consultant's executives and employees and other related expenses and overhead (except those expenses that are specifically the responsibility of the Company as set forth herein). The provisions of this Section 6 shall survive the Termination Date to the extent of any compensation earned or expenses incurred by the Consultant prior to the Termination Date, and the Consultant shall be entitled to receive from the Company within sixty (60) days after the Termination Date all amounts owed (including unpaid reimbursements of expenses) to it by the Company under this Section 6.

(c) The Consultant shall promptly pay to the Company any administration or other fee or amount received by or credited to the Consultant by United Healthcare Company, or any affiliate or agent or otherwise thereof, in connection with any COBRA services provided to the Company or to the Consultant on the Company's behalf or at the direction of the Consultant.

7. Release of Money or Other Property. The Consultant agrees that any money or other property of the Company held by the Consultant under this Agreement shall be held by the Consultant as custodian for the Company, and the Consultant's records shall be appropriately marked clearly to reflect the ownership of such money or other property by the Company. The Consultant shall release all such money and other property to the Company promptly on the earlier to occur of (i) the receipt by the Consultant of a written request signed by the Designated Representative or a duly authorized officer of the Company requesting such release or (ii) the Termination Date.

8. Term. This Agreement shall terminate on December 31, 2015 (the "Initial Termination Date"), provided that the Company may extend this Agreement for all or a portion of the Transition Services, at its sole option, for successive one-month periods (each such period an "Extension Term") not to exceed three months following the Initial Termination Date. The Company may extend this Agreement in accordance with this Section 8 by giving a written notice thereof (each an "Extension Notice") to the Consultant not less than ten days prior to the Initial Termination Date or the expiration of the then current Extension Term, as applicable, which notice shall specify the Transition Services that the Consultant shall provide during the Extension Term. For the avoidance of doubt, during any Extension Term, the Company shall only be liable to pay to the Consultant the Service Costs for the Transition Services set forth in the Extension Notice relating to such Extension Term. Notwithstanding the foregoing, nothing herein shall relieve any party to this Agreement from liability for any breach of this Agreement, and Section 2(a), Section 4(e), Section 6 (Payment Terms; Expense Reimbursement), this Section 8 (Term), Section 9 (Action upon Termination), Section 11 (Limits of Consultant Responsibility; Indemnification), Section 15 (Confidentiality), Section 16 (Non-Solicitation), Section 17 (Notices), Section 20 (No Third Party Rights), Section 21 (Severability), Section 22 (Construction), Section 23 (Entire Agreement), Section 24 (Indulgences not Waivers), Section 26 (Titles not to Affect Interpretation), Section 27 (Execution in Counterparts), Section 28 (Specific Performance) and, only for the period set forth therein, Section 29 (FIDAC Net Worth) shall survive any termination of this Agreement.

9. Action upon Termination. From and after the Termination Date, the Consultant shall not be entitled to compensation for further services under this Agreement, but shall be owed all compensation accruing to the date of termination. Upon such termination, the Consultant shall forthwith:

- (a) pay over to the Company or a Subsidiary all money collected and held for the account of the Company or a Subsidiary pursuant to this Agreement;
- (b) deliver to the Board of Directors a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Board of Directors with respect to the Company or a Subsidiary; and
- (c) deliver to the Board of Directors all property and documents of the Company or any Subsidiary then in the custody of the Consultant.

10. Representations and Warranties.

- (a) The Company hereby represents and warrants to the Consultant as of the date hereof as follows:

(i) The execution, delivery and performance by the Company of this Agreement, and the consummation by the Company of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of the Company. This Agreement has been duly and validly executed and delivered by the Company, and constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(b) The Consultant represents and warrants to the Company as of the date hereof as follows:

(i) The execution, delivery and performance by the Consultant of this Agreement, and the consummation by the Consultant of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of the Consultant. This Agreement has been duly and validly executed and delivered by the Consultant, and constitutes the valid and binding obligation of the Consultant, enforceable against the Consultant in accordance with its respective terms.

(ii) The Consultant has exclusive and good and marketable title (to the extent applicable) to the Transferred IT Equipment and Software, free and clear of all Encumbrances.

(iii) ALL OF THE TRANSFERRED IT EQUIPMENT AND SOFTWARE IS SOLD AS IS, WHERE IS, AND WITH ALL FAULTS, AND THE CONSULTANT MAKES NO EXPRESS WARRANTIES AND NO WARRANTY SHALL BE IMPLIED UNDER THIS AGREEMENT OR AT LAW, INCLUDING, WITHOUT LIMITATION, WARRANTY OF MERCHANTABILITY OR WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AS TO THE TRANSFERRED IT EQUIPMENT AND SOFTWARE.

11. Limits of Consultant Responsibility; Indemnification.

(a) The Consultant assumes no responsibility under this Agreement other than to render the services called for under this Agreement in good faith and in accordance with the standard of performance set forth in Section 5 of this Agreement. The Consultant, its officers, directors, employees, any Person controlling or controlled by the Consultant and any Person providing sub-advisory services to the Consultant and the officers, directors and employees of the Consultant, its officers, directors, employees and any such Person will not be liable to the Company or any Subsidiary, to the Board of Directors, or the Company's or any Subsidiary's stockholders or partners for any acts or omissions by any such Person, pursuant to or in accordance with this Agreement, except by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of the Consultant's duties under this Agreement. The Company shall, to the full extent lawful, reimburse, indemnify and hold the Consultant, its officers, stockholders, directors, employees, and any Person controlling or controlled by the Consultant, together with the managers, officers, directors and employees of the Consultant, its officers, members, directors, employees, and any such Person (each a "Consultant Indemnified Party"), harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of such Consultant Indemnified Party made in good faith in the performance of the Consultant's duties under this Agreement and not constituting such Consultant Indemnified Party's bad faith, willful misconduct, gross negligence or reckless disregard of the Consultant's duties under this Agreement.

(b) The Consultant shall, to the full extent lawful, reimburse, indemnify and hold the Company (or any Subsidiary), its stockholders, directors, officers and employees and each other Person, if any, controlling the Company (each, a "Company Indemnified Party") and together with a Consultant Indemnified Party, the "Indemnitee"), harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of

or arising from the Consultant's bad faith, willful misconduct, gross negligence or reckless disregard of its duties under this Agreement.

(c) The Indemnitee will promptly notify the Party against whom indemnity is claimed (the "Indemnitor") of any claim for which it seeks indemnification; provided, however, that the failure to so notify the Indemnitor will not relieve the Indemnitor from any liability which it may have hereunder, except to the extent such failure actually prejudices the Indemnitor. The Indemnitor shall have the right to assume the defense and settlement of such claim; provided, that the Indemnitor notifies the Indemnitee of its election to assume such defense and settlement within thirty (30) days after the Indemnitee gives the Indemnitor notice of the claim. In such case, the Indemnitee will not settle or compromise such claim, and the Indemnitor will not be liable for any such settlement made without its prior written consent. If the Indemnitor is entitled to, and does, assume such defense by delivering the aforementioned notice to the Indemnitee, the Indemnitee will (i) have the right to approve the Indemnitor's counsel (which approval will not be unreasonably withheld, delayed or conditioned), (ii) be obligated to cooperate in furnishing evidence and testimony and in any other manner in which the Indemnitor may reasonably request and (iii) be entitled to participate in (but not control) the defense of any such action, with its own counsel and at its own expense.

(d) The provisions of this Section 11 shall survive the Termination Date as to any claim arising or resulting from events occurring prior to the Termination Date.

12. Relationship of Parties. The Consultant is and shall remain at all times an independent contractor of the Company in the performance of all Transition Services hereunder. In all matters relating to this Agreement, each Party will be solely responsible for the acts of its employees and agents and have all responsibility for the payments of compensation with respect to its employees and agents, and employees or agents of one Party shall not be considered employees or agents of any other Party for any purpose. For the avoidance of doubt, (i) the Consultant is the sole employer of each Effective Time Employee, and the Company shall not be deemed an employer of any such employee, unless and until such employee terminates employment with the Consultant and commences employment with the Company, and (ii) with respect to each such employee, from and after such time, the Company shall be the sole employer of such Effective Time Employee, and the Consultant shall not be deemed an employer of any such employee for any purpose thereafter. Except as specifically provided herein, none of the Parties shall act or represent or hold itself out as having authority to act as an agent or partner of any other Party, or in any way bind or commit any other Party to any obligations. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind, each Party being responsible only for its obligations as set forth in this Agreement.

13. Other Activities of the Consultant and its Affiliates. Nothing herein contained shall prevent the Consultant or any of its Affiliates from engaging in any business (whether or not competitive with the business of the Company and its Subsidiaries) or earning fees from other activities, including, without limitation, the investment by the Consultant or any of its Affiliates in assets similar to those owned and/or invested in by the Company, rendering of advice to other Persons and the management of other programs advised, sponsored or organized by the Consultant or its Affiliates; nor shall this Agreement limit or restrict the right of the Consultant or any director, officer, employee, or stockholder of the Consultant or its Affiliates to engage in or earn fees from any other business (whether or not competitive with the business of the Company and its Subsidiaries) or to render services of any kind to any other partnership, corporation, firm, individual, trust or association.

14. Assignment to an Affiliate. This Agreement may be assigned by the Consultant to an Affiliate with the prior written consent of the Company. The Consultant may assign any rights to receive fees or other payments under this Agreement to any Affiliate without obtaining the prior written consent

of the Company. This Agreement shall not be assigned by the Company without the consent of the Consultant, except in the case of an assignment by the Company to a corporation or other organization which is a successor to all of the assets, rights and obligations of the Company, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company is bound by this Agreement.

15. Confidentiality. For a period beginning at the Effective Time and ending on the seventh anniversary of the date hereof, the Consultant agrees that it will keep confidential all of the Company's Confidential Information and the Company agrees that it will keep confidential all Confidential Information of the Consultant and its Affiliates. Either party (the "Disclosing Party") may disclose the other party's (the "Non-disclosing Party") Confidential Information if such information is disclosed (i) to the Disclosing Party's representatives who are subject to confidentiality obligations no less protective of the Confidential Information than the obligations contained in this Agreement, (ii) to the extent required by applicable Law (including complying with any oral or written questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process to which the Disclosing Party is subject) or stock exchange rule, provided that the Disclosing Party gives the Non-disclosing Party prompt notice of such request(s), to the extent practicable (and not prohibited by Law), so that such Non-disclosing Party may seek, at its expense, an appropriate protective order, confidential treatment order or similar relief (and the Disclosing Party shall reasonably cooperate with such efforts by the Non-disclosing Party), or (iii) if the prior written consent of the Non-disclosing Party shall have been obtained. For a period beginning at the Effective Time and ending on the third anniversary of the date hereof, (i) none of the Consultant nor any of its Affiliates shall use or otherwise exploit for its own benefit or for the benefit of any Person other than the Company, any of the Company's Confidential Information, and (ii) none of the Company nor any of its Affiliates shall use or otherwise exploit for its own benefit or for the benefit of any Person, any Confidential Information of the Consultant or any of its Affiliates. "Confidential Information" means any confidential or proprietary information concerning either party hereto or an Affiliate of such party or the financial condition, business, operations or prospects of either party and its Affiliates; *provided* that (i) the parties agree that the Schedules to this Agreement shall be deemed "Confidential Information," and (ii) the term "Confidential Information" does not include information that is or becomes generally available to the public other than as a result of a disclosure in violation of the terms of this Section 15.

16. Non-Solicitation. For a period beginning at the Effective Time and ending on the first anniversary of the date hereof (the "Restrictive Period"), neither the Consultant nor any of its Affiliates nor any of their respective representatives acting as a principal of the Consultant or any such Affiliate, without the express written consent of the Company, shall, directly or indirectly, (A) solicit or encourage any employee or consultant of the Company or any of its Subsidiaries to terminate or diminish his or her employment or relationship with the Company or any of its Subsidiaries, (B) hire, engage or retain, or cause to be hired, engaged or retained, any Person who is an employee or exclusive consultant of the Company or any of its Subsidiaries or (C) assist any other Person to do any of the acts prohibited by this Section 16. During the Restrictive Period, neither the Company nor any of its Affiliates nor any of their respective representatives acting as a principal of the Company or any such Affiliate, without the express written consent of the Consultant, shall, directly or indirectly, (A) solicit or encourage any employee or consultant of the Consultant or any of its Affiliates to terminate or diminish his or her employment or relationship with the Consultant or any of its Affiliates, (B) hire, engage or retain, or cause to be hired, engaged or retained, any Person who is an employee or exclusive consultant of the Consultant or any of its Affiliates or (C) assist any other Person to do any of the acts prohibited by this Section 16.

17. Notices. Unless expressly provided otherwise in this Agreement, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt or upon

actual receipt of (i) personal delivery, (ii) delivery by reputable overnight courier, (iii) delivery by facsimile transmission or electronic mail with telephonic confirmation or (iv) delivery by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

If to the Company:

Chimera Investment Corporation
1211 Avenue of the Americas
New York, New York 10036
Attention: Chief Financial Officer
Facsimile: (212) 696-9809
E-mail: rcolligan@annaly.com

If to the Consultant:

Fixed Income Discount Advisory Company
1211 Avenue of the Americas
New York, New York 10036
Attention: Chief Legal Officer
Facsimile: (347) 342-3959
E-mail: nsingh@annaly.com

Either Party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 17 for the giving of notice.

18. Modification. This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assignees.

19. Force Majeure. No Party shall be liable for any failure to perform or any delays in performance, and no such Party shall be deemed to be in breach or default of its obligations set forth in this Agreement, if, to the extent and for so long as, such failure or delay is due to any causes that are beyond its reasonable control and without its fault or negligence, including, without limitation, such causes as acts of God, natural disasters, fire, flood, severe storm, earthquake, civil disturbance, riot, order of any court or administrative body, embargo, acts of government, war (whether or not declared), acts of terrorism, epidemic or pandemic of disease or other similar causes (" Force Majeure Event "). In the event of a Force Majeure Event, the Party prevented from or delayed in performing shall promptly give notice to the other Party and shall use commercially reasonable efforts to avoid or minimize the delay.

20. No Third Party Rights. This Agreement shall be for the sole benefit of the parties to this Agreement and their respective successors, permitted assigns and legal representatives and is not intended, nor shall be construed, to give any Person, other than the parties hereto and their respective successors, assigns and legal representatives, any legal or equitable right, remedy or claim hereunder, except that (a) the Consultant Indemnified Parties shall be intended third party beneficiaries of Section 11(a), (b) the Company Indemnified Parties shall be intended third party beneficiaries of Section 11(b), and (c) the respective subsidiaries and Affiliates described in Section 16 shall be intended third-party beneficiaries of Section 16.

21. Severability. The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

22. Construction. The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of New York, notwithstanding any New York or other conflict-of-law provisions to the contrary. The parties have participated jointly in the drafting of this Agreement, and each party was represented by counsel in the negotiation of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.
23. Entire Agreement. The Transaction Documents contain the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.
24. Indulgences not Waivers. Neither the failure nor any delay on the part of a Party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the Party asserted to have granted such waiver.
25. Gender. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.
26. Titles not to Affect Interpretation. The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.
27. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or portable document format shall be effective as delivery of a manually executed counterpart to this Agreement. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the Parties reflected hereon as the signatories.
28. Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by the parties hereto in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Consultant, on the one hand, and the Company, on the other hand, shall be entitled to seek an injunction or injunctions to prevent breaches or threatened breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction and that this shall include the right of the Consultant to cause the Company, on the one hand, and the right of the Company to cause the Consultant, on the other hand, to fully perform the terms of this Agreement to the fullest extent permissible pursuant to this Agreement and applicable Law and to thereafter cause this Agreement and the transactions contemplated hereby to be consummated on the terms and subject to the conditions thereto set forth in this Agreement. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies which any party may have under this Agreement or otherwise.

The parties hereto agree that the right of specific performance and other equitable relief is an integral part of the transactions contemplated by this Agreement and without that right, neither the Consultant nor the Company would have entered into this Agreement. Each of the parties hereto hereby waives (i) any defenses in any action for specific performance, including the defense that a remedy at Law would be adequate and (ii) any requirement under any Law to post a bond or other security as a prerequisite to obtaining equitable relief.

29. EIDAC Net Worth. By its signature hereto, Annaly Capital Management, Inc. agrees that at all times prior to the later of (a) the Termination Date, and (b) the date upon which the Consultant has provided the Transition Services required to be provided by it hereunder, it shall cause the Net Worth of the Consultant to be not less than \$5,000,000.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Transition Services Agreement as of the date first written above.

CHIMERA INVESTMENT CORPORATION

By: /s/ Matthew Lambiase
Name: Matthew Lambiase
Title: Chief Executive Officer

FIXED INCOME DISCOUNT ADVISORY COMPANY

By: /s/ Glenn Votek
Name: Glenn Votek
Title: Chief Financial Officer

Solely for purposes of the termination of the Administrative Services Agreement, as described in Section 2(a):

RCAP SECURITIES, INC.

By: /s/ Thomas Murphy
Name: Thomas Murphy
Title: President

[Signature pages continued on next page]

[Signature Page to Transition Services Agreement]

[Signature pages continued from previous page]

Solely for the purposes of Section 29 :

ANNALY CAPITAL MANAGEMENT, INC.

By: /s/ Glenn Votek
Name: Glenn Votek
Title: Chief Financial Officer

[Signature Page to Transition Services Agreement]

SHARE REPURCHASE AGREEMENT

THIS SHARE REPURCHASE AGREEMENT (this "Agreement") is made and entered into as of August 5, 2015, by and between Annaly Capital Management, Inc., a Maryland corporation (the "Seller"), and Chimera Investment Corporation, a Maryland corporation (the "Company").

WHEREAS, the Seller owns beneficially and of record 8,996,553 shares of common stock, par value \$0.01 per share (the "Repurchased Shares"), of the Company; and

WHEREAS, the parties desire that, upon the terms and subject to the conditions hereof, the Seller will sell to the Company, and the Company will purchase from the Seller, the Repurchased Shares in exchange for the consideration set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

1. Sale and Purchase of the Repurchased Shares; Purchase Price. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), the Seller agrees to sell, assign, transfer, convey and deliver to the Company, and the Company agrees to purchase from the Seller, the Repurchased Shares, for an aggregate purchase price of \$126,401,569.65 (the "Purchase Price"), free and clear of any option, call, contract, commitment, demand, lien, charge, security interest or encumbrance whatsoever.
 2. Closing. The closing of the sale and purchase of the Repurchased Shares pursuant to this Agreement (the "Closing") shall occur on Monday, August 17, 2015 (such date of the Closing, the "Closing Date") at the offices of Dechert LLP, 2929 Arch Street, Philadelphia, PA 19104.
 3. Instruments of Conveyance and Transfer. At or prior to the Closing, the Seller shall deliver to the Company evidence that the Seller has issued to Computershare Shareowner Services LLC a transfer agent letter of instruction, in substantially the form attached hereto as **Exhibit A**, duly executed by the Seller as and where indicated therein, evidencing the transfer of good and valid title to the Repurchased Shares to the Company, free and clear of any option, call, contract, commitment, demand, lien, charge, security interest or encumbrance whatsoever. The Seller shall at any time, and from time to time, following the Closing, execute, acknowledge and deliver all further assignments, transfers, and any other such instruments of conveyance, upon the request of the Company, to confirm the sale of the Repurchased Shares hereunder as contemplated hereby.
 4. Payment by the Company. At the Closing, the Company shall deliver to the Seller the Purchase Price by wire transfer of immediately available funds pursuant to the wire transfer instructions attached hereto as **Exhibit B**.
 5. Representations and Warranties of Seller. The Seller hereby represents and warrants to the Company, as of the date hereof and as of the Closing Date, that:
 - (a) The Seller has the full, absolute and entire power and legal right to execute, deliver and perform this Agreement, without the need for the consent of any other person or entity other than those consents which have been obtained prior to the Closing.
 - (b) The Seller has all requisite power and authority to execute and deliver this Agreement, to carry out its obligations hereunder, and to consummate the transactions contemplated hereby. The Seller has obtained all necessary corporate approvals for the execution and delivery of this Agreement, the
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performance of its obligations hereunder, and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Seller and (assuming due authorization, execution and delivery by the Company) constitutes the Seller's legal, valid and binding obligation, enforceable against the Seller in accordance with its terms.

(c) The Repurchased Shares are owned by the Seller, free and clear of any option, call, contract, commitment, demand, lien, charge, security interest or encumbrance whatsoever, and Seller will convey to the Company at Closing good title to the Repurchased Shares free and clear of all options, calls, contracts, commitments, demands, liens, charges, security interests or encumbrances whatsoever.

(d) Other than the Repurchased Shares, the Seller does not beneficially own or have any rights in any debt or equity interest (including any warrants, options or other rights to acquire any debt or equity interests) in the Company.

(e) There is no action, suit, proceeding, judgment, claim or investigation pending, or, to the knowledge of Seller, threatened against Seller that could reasonably be expected in any manner to challenge or seek to prevent, enjoin, alter or delay any of the transactions contemplated by this Agreement.

(f) No authorization, consent, approval or other order or, or declaration to or filing with, any governmental agency or body or other entity, organization or individual is required for the valid authorization, execution, delivery and performance by Seller of this Agreement.

6. Representations and Warranties of the Company. The Company hereby represents and warrants, as of the date hereof and as of the Closing Date, that:

(a) The Company has the full, absolute and entire power and legal right to execute, deliver and perform this Agreement, without the need for the consent of any other person or entity other than those consents which have been obtained prior to the Closing

(b) The Company has all requisite power and authority to execute and deliver this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by the Company of this Agreement, the performance by the Company of its obligations hereunder and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and (assuming due authorization, execution and delivery by the Seller) this Agreement constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

(c) There is no action, suit, proceeding, judgment, claim or investigation pending, or, to the knowledge of the Company, threatened against the Company that could reasonably be expected in any manner to challenge or seek to prevent, enjoin, alter or delay any of the transactions contemplated by this Agreement.

(d) No authorization, consent, approval or other order or, or declaration to or filing with, any governmental agency or body or other entity, organization or individual is required for the valid authorization, execution, delivery and performance by the Company of this Agreement.

7. Acknowledgments.

(a) The Seller and the Company acknowledge that the Seller and Fixed Income Discount Advisory Company (“FIDAC”), a wholly-owned subsidiary of the Seller, on the one hand, and the Company on the other hand, may be in possession of material, non-public, confidential information concerning the Company and/or its affiliates (“Material Information”) that is not known or otherwise available to the Company or the Seller, respectively, and that may impact the value of the Repurchased Shares. Notwithstanding such disparity, each of the Seller and the Company has deemed it appropriate to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) The Seller hereby separately acknowledges to the Company that:

(i) The Seller has not relied upon any representations (whether oral or written) with respect to the Company or the Repurchased Shares other than as set forth in this Agreement.

(ii) The Seller has had an opportunity to discuss the Company’s business, management and financial affairs with directors, officers and management of the Company. The Seller has also had the opportunity to ask questions of and receive answers from, the Company and its management regarding the terms of this transaction. The Seller believes that it has received all the information it considers necessary or appropriate for deciding whether to sell the Repurchased Shares and has made its own analysis and decision to sell the Repurchased Shares to the Company based upon such information as the Seller deems appropriate.

(iii) The Seller acknowledges (i) that the Company has not made any representation or warranty, express or implied, except as set forth herein, regarding any aspect of the sale of the Repurchased Shares, the operation or financial condition of the Company or the value of the Repurchased Shares, and (ii) that the Company is relying upon the truth of the Seller’s acknowledgements in this Section 7(b) in connection with the purchase of the Repurchased Shares hereunder.

(iv) The Seller has had a full and complete opportunity to consult legal, tax and business advisors and has in fact consulted such advisors with respect to this Agreement and any matters contemplated hereunder. The Seller further acknowledges that it has not engaged or employed any broker or finder in connection with the transactions referred to herein and that the sale of the Repurchased Shares has been privately negotiated by the Seller and the Company.

(c) The Company hereby separately acknowledges to the Seller that:

(i) The Company has not relied upon any representations (whether oral or written) with respect to the Repurchased Shares other than as set forth in this Agreement.

(ii) The Company has had an opportunity to discuss the Company’s business, management and financial affairs with officers and management of the Company, the Seller and FIDAC. The Company has also had the opportunity to ask questions of and receive answers from its management, the Seller and FIDAC regarding the terms of this transaction. The Company believes that it has received all the information it considers necessary or appropriate for deciding whether to purchase the Repurchased Shares and has made its own analysis and decision to purchase the Repurchased Shares from the Seller based upon such information as the Company deems appropriate.

(iii) The Company acknowledges (i) that the Seller has not made any representation or warranty, express or implied, except as set forth herein, regarding any aspect of the sale of the Repurchased Shares, the operation or financial condition of the Company or the value of the Repurchased Shares, and (ii) that the Seller is relying upon the truth of the Company's acknowledgements in this Section 7(c) in connection with the sale of the Repurchased Shares hereunder.

(iv) The Company has had a full and complete opportunity to consult legal, tax and business advisors and has in fact consulted such advisors with respect to this Agreement and any matters contemplated hereunder. The Company further acknowledges that it has not engaged or employed any broker or finder in connection with the transactions referred to herein and that the sale of the Repurchased Shares has been privately negotiated by the Seller and the Company.

8. Release, Discharge and Waiver. Effective from and after the Closing Date:

- (a) subject to the Company's satisfaction of its obligations under Section 4 hereof, the Seller, for itself and its officers, directors, partners, affiliates, members, respective successors and assigns, hereby irrevocably forever release, discharge and waive any and all claims, rights, causes of action, suits, obligations, debts, demands, liabilities, controversies, costs, expenses, fees or damages of any kind, whether directly, derivatively, representatively or in any other capacity, against the Company or any of its subsidiaries or affiliates and their respective present and/or past directors, officers, members, shareholders, employees, fiduciaries or agents, and their respective successors and assigns, which are based upon, arise from or relate to or involve, directly or indirectly, (i) the Seller's purchase and ownership of the Repurchased Shares or (ii) the Company's failure to disclose, or the Seller's failure or inability to obtain and review, any Material Information.
- (b) subject to the Seller's satisfaction of its obligations under Section 3 hereof, the Company, for itself and its officers, directors, partners, affiliates, members, respective successors and assigns, hereby irrevocably forever release, discharge and waive any and all claims, rights, causes of action, suits, obligations, debts, demands, liabilities, controversies, costs, expenses, fees or damages of any kind, whether directly, derivatively, representatively or in any other capacity, against the Seller and FIDAC or any of their subsidiaries or affiliates and their respective present and/or past directors, officers, members, shareholders, employees, fiduciaries or agents, and their respective successors and assigns, which are based upon, arise from or relate to or involve, directly or indirectly, the Seller's or FIDAC's failure to disclose, or the Company's failure or inability to obtain and review, any Material Information.
- (c) Notwithstanding the foregoing, but subject to Section 7, nothing contained in this Section 8 shall constitute any release, discharge or waiver to the extent that the applicable claims, rights, causes of action, suits, obligations, debts, demands, liabilities, controversies, costs, expenses, fees or damages arise out of (i) a breach of this Agreement, (ii) that certain Assignment of Claims, dated April 23, 2014, between FIDAC and the Company, or (iii) that certain Settlement

Agreement, dated January 13, 2015, by and among FIDAC, the Audit Committee of the Board of Directors of the Company and the Company.

9. Expenses. Each party shall bear its own attorneys' fees and costs incurred in connection with this Agreement and the transactions contemplated hereby.
10. Governing Law. The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of New York, notwithstanding any New York or other conflict-of-law provisions to the contrary. The parties have participated jointly in the drafting of this Agreement, and each party was represented by counsel in the negotiation of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.
11. Consent to Jurisdiction; Service of Process. The parties hereto agree that any suit action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought exclusively in federal or state courts located in the Borough of Manhattan, New York, New York, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court.
12. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.
13. Invalidity or Unenforceability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
14. Benefits and Burdens. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective estates, executors, administrators, legatees, heirs, and personal and legal representatives, successors and permitted assigns and, in the case of Section 8, the persons identified therein not party hereto (provided their consent shall not be required to change or modify such section).
15. Change; Waiver. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the party waiving its rights. The failure of either party at any time to insist upon, or any delay by either party at any time to insist upon, strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same condition, promise, agreement or understanding at a future time.
16. Entire Agreement. This Agreement sets forth all of the promises, agreement, conditions, understandings and covenants between the parties hereto with respect to the subject matter referred to

herein, and there are no promises other than as set forth herein. Any and all prior agreements with respect to such subject matter are hereby revoked. This Agreement is, and is intended by the parties to be, an integration of any and all prior agreements or understandings, oral or written, with respect to such subject matter.

17. Headings. The headings and other captions in this Agreement are for convenience and reference only and shall not be used in interpreting, construing or enforcing any of the provisions of this Agreement.

18. Counterparts. This Agreement may be executed in any number of counterparts, which may be by facsimile and/or PDF/email, all of which counterparts taken together shall constitute one and the same instrument.

19. Survival of Representations and Warranties. All representations and warranties and acknowledgments contained herein or made in writing by any party in connection herewith shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

CHIMERA INVESTMENT CORPORATION

By: /s/ Matthew Lambiase
Name: Matthew Lambiase
Title: President and Chief Executive Officer

SELLER:

ANNALY CAPITAL MANAGEMENT, INC.

By: /s/ Glenn Votek
Name: Glenn Votek
Title: Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") by and between Chimera Investment Corporation (the "Company") and Matthew Lambiasi ("Executive") is effective as of August 5, 2015 (the "Effective Date"), subject to and contingent upon the execution and effectiveness of that certain Transition Services Agreement by and between Annaly Management Company LLC ("Annaly") and the Company (the "TSA"), dated on or about the date hereof, and this Agreement will be null and void *ab initio* if the TSA is not executed by the Company and Annaly.

WITNESSETH:

WHEREAS, Executive wishes to be employed by the Company, and the Company wishes to secure the employment of Executive, under the terms and conditions described below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the parties hereto agree as follows:

1. Term of Employment.

(a) The Company hereby employs Executive, and Executive hereby accepts employment with the Company, in the positions and with the duties and responsibilities as set forth in Section 2 below for the Term of Employment (as defined below), subject to the terms and conditions of this Agreement.

(b) The term of employment under this Agreement will commence on the Effective Date and continue until December 31, 2018 (the "Initial Term"), and, prior to a Change in Control only, will be extended for an additional one year period (the "Renewal Term") on the last day of the Initial Term and on each subsequent anniversary thereof, unless either party provides written notice of nonrenewal to the other party not less than 90 days prior to the last day of the Initial Term or any Renewal Term (the Initial Term together with each Renewal Term, the "Term of Employment"); provided that, upon the consummation of a Change in Control, the Term of Employment will be extended to the second anniversary of such Change in Control; provided, further, that if the last day of the Term of Employment otherwise would occur during a Garden Leave period, the Term of Employment will continue through the end of such Garden Leave. The Term of Employment may also be terminated in accordance with Section 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, Executive will be employed as the Chief Executive Officer of the Company, reporting directly to the Board of Directors of the Company (the "Board of Directors"). Executive will, under the supervision of the Board of Directors, (i) manage and control the day-to-day business, affairs and properties of the Company, make all decisions regarding those matters, perform any and all other acts or activities customary or incident to the management of the Company's business and cause all of the foregoing through the Company's officers, employees or agents, and (ii) have such other duties and responsibilities as are assigned to him by the Company's Board of Directors (not inconsistent in any significant respect with the duties and responsibilities typically assigned to the chief executive officer as the senior-most executive officer of a publicly-traded REIT other than an executive chairman or vice-chairman of the board).

(b) Executive will be appointed to the Board of Directors as of the Effective Date and will be nominated for reelection to the Board of Directors at each annual meeting of the Company's shareholders during the Term of Employment thereafter.

(c) During the Term of Employment, Executive will, without additional compensation, also serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for,

or on behalf of, such subsidiaries or affiliates of the Company as the Board of Directors may, from time to time, request. For purposes of this Agreement, the term "affiliate" will have the meaning ascribed thereto in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Act").

(d) During the Term of Employment, Executive will serve the Company faithfully, diligently and to the best of his ability and will devote substantially all of his time and efforts to his employment and the performance of his duties under this Agreement. Nothing herein will preclude Executive from engaging in charitable and community affairs and managing his personal, financial and legal affairs, so long as such activities do not materially interfere with his carrying out his duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, Executive will be entitled to receive an annualized base salary (the "Base Salary") of not less than \$750,000. Beginning in 2017, the Compensation Committee of the Board of Directors (the "Compensation Committee") will review Executive's Base Salary annually to determine whether increases are appropriate. Any such increased amount will thereafter be Executive's "Base Salary" for purposes under this Agreement.

(b) Performance Bonus.

(i) For the calendar year ending December 31, 2015, Executive will be paid a guaranteed bonus in the amount of \$2,329,000 (the "2015 Guaranteed Annual Bonus") and be eligible for an additional discretionary bonus in the amount of \$1,035,000 (the "2015 Discretionary Annual Bonus," and, with the 2015 Guaranteed Annual Bonus, the "2015 Annual Bonuses"). The 2015 Annual Bonuses will be paid 75% in cash and 25% in the form of restricted stock or restricted stock units ("RSUs"). The restricted stock or RSUs will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment with the Company (except as otherwise provided in Sections 5(a), 5(b) or 5(e)). The restricted stock will be subject to the terms of the applicable award agreement and the Company's equity compensation plan (the "Equity Compensation Plan"). Executive must be employed on December 31, 2015 to receive the 2015 Annual Bonuses. The 2015 Annual Bonuses will be paid, and restricted stock or RSUs issued, as applicable, between January 1, 2016 and March 15, 2016.

(ii) Commencing on January 1, 2016 and during the Term of Employment until December 31, 2018, Executive will be eligible to receive an annual bonus according to the terms set forth on the attached Exhibit A. The Compensation Committee will make all determinations with respect to the annual bonus in good faith and consistent with the attached Exhibit A. Thereafter, Executive's performance compensation will be determined by the Compensation Committee of the Board of Directors in its sole discretion, but in consultation with Executive.

(iii) The annual bonus will be paid in a combination of cash and restricted stock, restricted stock units ("RSUs") or performance stock units ("PSUs") granted under the Equity Compensation Plan, not inconsistent with any of the specific terms of this Agreement relating to PSUs, as set forth on Exhibit A between January 1 and March 15 of the year following the end of the performance period.

(c) 2015 Long-Term Incentive Stock Award. On or about February 15, 2016 but no later than March 15, 2016, the Company will grant Executive restricted stock or RSUs having a grant fair market value of \$776,000 that will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment with the Company (except as otherwise provided in Sections 5(a), 5(b) or 5(e)), and will be subject to the terms and conditions of the Equity Compensation Plan and the applicable award agreement (the "2015 Equity Award").

(d) Stock Ownership Requirements. All shares of the Company stock distributed to Executive by the Company will be subject to the stock ownership guidelines in effect for executives from time to time, as determined by the Board of Directors. Unless the stock ownership guidelines provide otherwise, vested shares of equity grants cannot be transferred or sold during Executive's employment by the Company until the value of Executive's stock holdings in the Company (including shares of restricted stock) exceeds five times Executive's Base Salary; and following the termination of Executive's employment with the Company, vested shares of equity grants may not be sold or transferred to the extent the value of Executive's stock holdings does not exceed five times Executive's Base Salary as of the date of Executive's termination of employment (provided, however, that this sentence will no longer apply following the six-month anniversary of Executive's termination of employment). Notwithstanding the foregoing, the restrictions of this subsection (d) will not prevent Executive from selling or directing the withholding of shares of the Company stock in accordance with and subject to Section 20 to satisfy income tax and employment tax obligations relating to the vesting and settlement of the equity grants to which the shares relate.

4. Employee Benefit Programs and Fringe Benefits. During the Term of Employment, Executive will be entitled to five weeks of vacation per fiscal year and will be eligible to participate in all executive incentive and employee benefit programs of the Company now or hereafter made available to the Company's senior executives or salaried employees generally, as such programs may be in effect from time to time. The Company will reimburse Executive for any and all necessary, customary and usual business expenses incurred by Executive in connection with his employment in accordance with applicable the Company policies.

5. Termination of Employment.

(a) Termination Due to Death or Disability. If Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below. In addition (subject to compliance with the requirements of Section 5(i) and Section 7 in the event of Disability):

(i) Executive will receive any earned and unpaid Annual Bonus (as defined in Exhibit A) for the Performance Period (as defined in Exhibit A) immediately preceding Executive's date of termination if Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, and such termination occurs on or after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A;

(ii) In the event Executive's employment is terminated during the Term of Employment by reason of Executive's Disability, the Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(iii) Whether or not such termination of employment due to death or Disability occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive in connection with an Annual Bonus that vests solely on the basis of continued employment will vest in full;

(iv) For any termination due to death or Disability, whether or not such termination of employment occurs during the Term of Employment, the vesting of the 2015 Equity Award will be fully

accelerated as of the date of such termination of employment and be settled within 60 days following the date of such termination; and

(v) Solely in the case of a termination of Executive's employment by reason of Executive's Disability, whether or not such termination of employment occurs during the Term of Employment, Executive's outstanding PSUs previously granted in connection with the TSR Bonus (as defined in Exhibit A) will continue to be eligible to vest subject to the achievement by the Company of the applicable performance goals in accordance with the terms and conditions of the Plan and the applicable award agreement as though such termination of employment had not occurred.

(b) Termination By the Company Without Cause or By Executive for Good Reason Other Than Within 24 Months Following a Change in Control. In the event Executive's employment is terminated during the Term of Employment by the Company without Cause or by Executive for Good Reason (other than for death or Disability, as described in Section 5(a)) occurring other than within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

(i) Executive will be entitled to a cash amount (the "Severance Amount") equal to one times the sum of (1) his then current Base Salary and (2) the average of the Annual Bonuses (as defined in Exhibit A) paid to Executive by the Company for the three (or fewer) calendar years preceding such termination (the "Average Bonus"); provided that, in the case of a termination occurring prior to the payment of the 2015 Annual Bonuses, the Average Bonus will be deemed to equal \$3,364,000. The Severance Amount will be paid in 12 equal monthly installments commencing within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive as part of his Annual Bonus other than the PSUs granted in connection with the TSR Bonus will, to the extent not already vested, immediately vest;

(iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding PSUs previously granted in connection with the TSR Bonus will continue to be eligible to vest subject to the achievement by the Company of the applicable performance goals in accordance with the terms and conditions of the Plan and the applicable award agreement as though such termination of employment had not occurred;

(iv) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, the vesting of the 2015 Equity Award will be fully accelerated as of the date of such termination of employment;

(v) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 12 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(vi) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any earned and unpaid Annual Bonus for the Performance Period immediately preceding Executive's date of termination if Executive's termination date occurs after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A; and

(vii) Executive will receive a pro-rata portion of the ROAE Bonus and the Discretionary Bonus (as such terms are defined in Exhibit A) that Executive would have earned for the year of termination based on the Company's ROAE and other applicable performance metrics for such year, payable at the time such ROAE Bonus and Discretionary Bonus would have been paid to Executive for such year absent such termination but no later than March 15 of the immediately following year.

The parties agree that a termination of Executive's employment pursuant to this Section 5(b), Section 5(c) or Section 5(d) below will not be a breach of this Agreement and does not relieve either party of its/his other obligations hereunder.

(c) Termination by the Company for Cause or Voluntary Termination by Executive. In the event that at any time during the Term of Employment Executive's employment is terminated by the Company for Cause or by Executive other than for Good Reason, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f).

(d) Garden Leave. Executive will provide a Notice of Termination to the Company no less than 90 days prior to any termination of Executive's employment (whether for Good Reason or without Good Reason) during the Term of Employment, other than a termination during the period described in Section 5(e), and the Company will provide a Notice of Termination to Executive no less than 90 days prior to any termination of Executive's employment for Cause or without Cause during the Term of Employment, other than a termination during the period described in Section 5(e); provided that the Company may elect to terminate the Garden Leave (as defined below) and Executive's employment at any time during the Garden Leave if Executive is terminated for Cause. During this 90-day notice period (the "Garden Leave"), Executive will (i) continue to be an employee of the Company and will make himself available to provide such services directed by the Company that are reasonably consistent with Executive's status as a senior executive of the Company and (ii) continue to be paid his Base Salary and to be eligible to participate in the Company's benefits programs, but will not be eligible to earn any annual bonus with respect to a calendar year that ends after the commencement of the Garden Leave. During the Garden Leave, the Company may require Executive to resign from any position with the Company and/or remove any or all of Executive's duties or responsibilities, which will not constitute Good Reason or otherwise be a violation of this Agreement. Executive agrees that he will not commence employment with any entity during or in connection with the commencement of the Garden Leave. During the Garden Leave, Executive will take all steps reasonably requested by the Company to effect a successful transition of client and customer relationships to the person or persons designated by the Company. Notwithstanding the foregoing, the Company in its sole discretion may waive all or any portion of the 90-day notice requirement by providing written notice to Executive accelerating the last day of the Garden Leave period; provided that the Company's exercise of its right to waive all or any portion of the 90-day notice requirement and accelerate the last day of the Garden Leave period will not be treated as a termination of Executive's employment by the Company without Cause or as giving Executive any basis for terminating his employment for Good Reason.

(e) Termination Related to Change in Control. In the event of the termination of Executive's employment during the Term of Employment by the Company other than for Cause or Executive's resignation of his employment for Good Reason (other than for Disability, as described in Section 5(a)) within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

- (i) The Company will immediately pay to Executive in a lump sum, but in all events within 60 days following the date of termination, a cash payment equal to the Severance Amount;
 - (ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, all of Executive's outstanding restricted stock, RSUs and stock options previously granted, including, without limitation, the 2015 Equity Award, will immediately vest in full, any dividend equivalents associated with any such equity award will continue to be payable according to the terms of the applicable grant agreement, any such RSUs will be settled within 60 days after the date of such termination of employment, and any such options will remain exercisable until the earlier of (a) 90 days following the date of such termination or (b) the date on which each such option would have expired had Executive's employment not terminated;
 - (iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, the portion of Executive's outstanding PSUs previously granted in connection with a TSR Bonus that, as provided in Exhibit A, became eligible to vest solely on the basis of continued employment following such Change in Control will vest and be settled within 60 days after the date of such termination of employment;
 - (iv) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;
 - (v) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any earned and unpaid Annual Bonus for the Performance Period immediately preceding Executive's date of termination if Executive's termination date occurs after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A; and
 - (vi) Executive will receive a pro-rata portion of the ROAE Bonus and the Discretionary Bonus (as such terms are defined in Exhibit A) that Executive would have earned for the year of termination based on the Company's ROAE and other applicable performance metrics for such year, payable at the time such ROAE Bonus and Discretionary Bonus would have been paid to Executive for such year absent such termination but no later than March 15 of the immediately following year.
- (f) Other Payments. Upon the termination of Executive's employment during the Term of Employment, in addition to the amounts payable under any Section above, Executive will be entitled to receive the following:
- (i) any earned but unpaid portion of the Base Salary and accrued unused vacation;
 - (ii) any vested deferred compensation (including any interest accrued on or appreciation in value of such deferred amounts) in accordance with the applicable plan documents;
 - (iii) reimbursement for reasonable business expenses incurred but not yet reimbursed by the Company in accordance with the Company's expense reimbursement policy, as in effect from time to time; and

(iv) any other benefits to which Executive or his legal representative may be entitled under all applicable plans and programs of the Company, as provided in Section 4 above.

(g) Payments Subject to Section 409A and Other Applicable Law.

(i) The Company and Executive intend that this Agreement will be interpreted and administered so that any amount or benefit payable hereunder will be paid or provided in a manner that is either exempt from or compliant with Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service guidance promulgated thereunder ("Section 409A").

(ii) Notwithstanding anything herein to the contrary, Executive will not be entitled to any payment pursuant to this Section 5 prior to the earliest date permitted under Section 409A of the Code, and applicable Treasury regulations thereunder. To the extent any payment pursuant to this Section 5 is required to be delayed six months pursuant to the special rules of Section 409A of the Code related to "specified employees," each affected payment will be delayed until six months after Executive's termination of employment, and, unless provided otherwise, with the first such payment being a lump sum equal to the aggregate payments Executive would have received during such six-month period if no payment delay had been imposed. Any payments or distributions delayed in accordance with the prior sentence will be paid to Executive on the first day of the seventh month following Executive's termination of employment or, if earlier, within ten days following the date of Executive's death.

(iii) Notwithstanding any other provision contained herein, to the extent any payments or distributions due to Executive upon termination of his employment under this Agreement are subject to Section 409A of the Code (i) a termination of Executive's employment will be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and the applicable Treasury regulations thereunder and (ii) all such payments will be treated as a series of separate payments for purposes of Section 409A of the Code.

(iv) If Executive is entitled to any reimbursement of expenses or in-kind benefits that are includable in Executive's federal gross taxable income, the amount of such expenses reimbursable or in-kind benefits provided in any one calendar year will not affect the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year. Executive's right to reimbursement of expenses or in-kind benefits under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) None of the Company, its affiliates or their respective directors, officers, employees or advisors will be held liable for any taxes, interest or other amounts owed by Executive as a result of the application of Section 409A or otherwise.

(h) No Mitigation; No Offset. In the event of any termination of Executive's employment under this Agreement, he will be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for in this Section 5, and there will be no offset against amounts due him under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

(i) Release. The Company's obligation to make any payment or provide any benefit pursuant to this Section 5 (other than pursuant to Sections 5(f) above) will be contingent upon, and is the consideration for, (A) Executive executing and delivering to the Company, within 45 days after termination of his employment, a general release (the "Release"), substantially in the form annexed hereto as Exhibit B, and (B) such release becoming irrevocable in accordance with its terms. In the event that the 45-day period referred to in the immediately preceding sentence spans two calendar years, any payments that, but for this sentence, would have been made hereunder during the first such calendar year will be delayed and paid to Executive on the first regular payroll date of the Company in such second calendar year, with any subsequent payments to be made as if no such delay had occurred.

(j) Parachute Payments.

(i) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it will be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company will reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide Executive with a greater net after-tax amount than would be the case if no such reduction was made. To the extent such Payments are required to be so reduced, the Payments due to Executive will be reduced in the following order, unless otherwise agreed and such agreement is in compliance with Section 409A of the Code: (i) Payments that are payable in cash, with amounts that are payable last reduced first; (ii) Payments due in respect of any equity or equity derivatives included at their full value under Section 280G (rather than their accelerated value); (iii) Payments due in respect of any equity or equity derivatives valued at accelerated value under Section 280G, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (iv) all other non-cash benefits. The Payments will be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which Executive would be subject with respect to the unreduced Payments).

(ii) The "Reduced Amount" will be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement or otherwise without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(iii) All determinations to be made under this Section 5(j) will be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to a change in control, which will provide its determinations and any supporting calculations both to the Company and Executive within ten days of the change in control. Any such determination by such firm will be binding upon the Company and Executive. All fees and expenses of the accounting or consulting firm in performing the determinations referred to in this Section 5(j) will be borne solely by the Company.

(k) Resignation from Positions. Upon termination of Executive's employment with the Company for any reason, Executive will be deemed to have resigned with immediate effect from any position he then holds as an officer, director or fiduciary of the Company or any Company-related entity. In furtherance of the foregoing, Executive will execute and deliver to the Company any letters, documents and other instruments necessary or appropriate to effect such resignation.

(l) For the avoidance of doubt, Executive will not be entitled to any payments or benefits under Section 5(e) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(b), and Executive will not be entitled to any payments or benefits under Section 5(b) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(e).

(m) Termination by the Company Without Cause After Expiration of the Term of Employment Following Delivery of Notice of Nonrenewal of the Term of Employment By the Company. If the Company provides Executive written notice of nonrenewal of the Term of Employment in accordance with Section I(b) and the Company terminates Executive's employment without Cause after the last day of the Term of

Employment, then, if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7, the Company will, in addition to providing the benefits set forth in Sections 5(b)(ii), (iii), (iv) and (vi), continue to pay Executive the Base Salary for a period of one year following his termination date in accordance with the Company's regular payroll practices. Such Base Salary continuation payments will commence within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement.

6. Definitions. For purposes of this Agreement, the following terms will be defined as set forth below:

(a) "Cause" means Executive's (i) conviction, or entry of a guilty plea or a plea of nolo contendere with respect to, a felony, a crime of moral turpitude or any crime committed against the Company, other than traffic violations; (ii) engagement in willful misconduct, gross negligence, or fraud, embezzlement or misappropriation relating to significant amounts, in each case in connection with the performance of his duties under this Agreement; (iii) willful failure to adhere to the lawful directions of the Board of Directors that are reasonably consistent with his duties and position provided for herein; (iv) breach in any material respect of any of the provisions of Section 7 of this Agreement; (v) chronic or persistent substance abuse that materially and adversely affects his performance of his duties under this Agreement or (vi) breach in any material respect of the terms and provisions of this Agreement resulting in material and demonstrable economic injury to the Company. No act or omission to act by Executive will be "willful" if conducted in good faith or with a reasonable belief that such act or omission was in the best interests of the Company. Notwithstanding the foregoing, (a) Executive will be given written notice of any action or failure to act that is alleged to constitute Cause (a "Default"), and an opportunity for 20 business days from the date of such notice in which to cure such Default, such period to be subject to extension in the discretion of the Board of Directors and (b) regardless of whether Executive is able to cure any Default, Executive will not be deemed to have been terminated for Cause without (I) reasonable prior written notice to Executive setting forth the reasons for the decision to terminate Executive for Cause, (II) an opportunity for Executive, together with his counsel, to be heard by the Board of Directors and (III) delivery to Executive of a Notice of Termination approved by the Board of Directors, stating its good faith opinion that Executive has engaged in actions or conduct described in the preceding sentence, which notice specifies the particulars of such action or conduct in reasonable detail; provided, however, the Company may suspend Executive with pay until such time as his right to appear before the Board of Directors, as the case may be, has been exercised, so long as such appearance is within two weeks of the date of suspension.

(b) "Change in Control" means the occurrence of any one of the following events to the extent such event also constitutes a "change in control event" for purposes of Section 409A of the Code:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Company, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its affiliates) together with all affiliates and "associates" (as such term is defined in Rule 12b-2 under the Act) of such person, will become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board of Directors ("voting securities") (other than as a result of an acquisition of securities directly from the Company); or

(ii) persons who, as of the effective date of this Agreement, constitute the Company's Board of Directors (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board of Directors, provided that any person becoming a Director of the Company subsequent to the effective date whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors will, for purposes of this Agreement, be considered an Incumbent Director; or

(iii) there will occur (A) any consolidation or merger of the Company or any subsidiary where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 60% or more of the voting securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company (other than to an entity 60% or more owned by the shareholders of the Company) or (C) any liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change in Control" will not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of Shares or other voting securities outstanding, increases the proportionate voting power represented by the voting securities beneficially owned by any person to 40% or more of the combined voting power of all then outstanding voting securities.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Disability" means Executive's inability for a period of six consecutive months, to render substantially the services provided for in this Agreement by reason of mental or physical disability, whether resulting from illness, accident or otherwise, other than by reason of chronic or persistent abuse of any substance (such as narcotics or alcohol), provided that a Disability for purposes of Section 5(a) will qualify as a Disability under Section 409A of the Code. Notwithstanding the foregoing, no circumstances or condition will constitute a Disability to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition will continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax. In addition, nothing herein will limit or restrict the payment of any amount subject to Section 409A of the Code upon an otherwise permitted payment event under Section 409A of the Code, including upon a separation from service.

(e) "Good Reason" means:

- (i) a material diminution in Executive's title, duties or responsibilities;
- (ii) relocation of Executive's place of employment without his consent outside the New York City metropolitan area or, following a Change in Control, outside of the Borough of Manhattan;
- (iii) the failure of the Company to pay within 30 business days any material payment or benefits due from the Company;
- (iv) the material failure by the Company to honor any of its material obligations to Executive.

For Good Reason to exist, Executive must provide written notice of an event purportedly constituting Good Reason within 90 days of its occurrence, the Company must have failed to cure such event within 30 days following such notice and Executive must provide written notice of his decision to terminate employment, such notice to be provided within 15 days following the expiration of such cure period. The effective date of such termination will be the end of the period of Garden Leave.

(f) "Notice of Termination" means the written notice of termination of Executive's employment delivered by, as applicable, Executive or the Company.

7. Covenants.

- (a) Confidentiality Restrictions. Executive agrees at all times during the term of his employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company (while employed by the Company), or to disclose to any person, firm or corporation without advance written authorization of the Board of Directors, except as necessary for Executive to discharge his duties hereunder, any Confidential Information of the Company. Executive understands and acknowledges that “Confidential Information” includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of the Company; marketing plans, projections, presentations or strategies of the Company; financial and budget information of the Company; personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations; information regarding the existence or terms of any agreement or relationship between the Company and any other party; and any other information of whatever nature, which gives to the Company an opportunity to obtain an advantage over its competitors who or which do not have access to such information. Executive understands and acknowledges that Confidential Information developed by him, during the term of his employment by the Company, will be subject to the terms and conditions of this Agreement as if the Company furnished the same Confidential Information to Executive in the first instance. Executive further understands and acknowledges that Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act of Executive or of others who were under confidentiality obligations as to the item or items involved. In the event that Executive is required by law to disclose any Confidential Information, Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.
- (b) Former Employer Information. Executive agrees that he will not, during and in connection with his employment with the Company, use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that he will not bring into the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity. Executive also acknowledges that he is free from any conflicts from previous employment contracts or agreements with all previous employers, and he is available for employment by the Company with no legal encumbrances and agrees to hold the Company harmless from any lawsuits arising from his previous employment.
- (c) Third Party Information. Executive recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company’s part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out his work for the Company consistent with the Company’s agreement with such third party.
- (d) No Public Statements. Executive agrees that he will not, without the Company’s prior written consent, discuss with the media (which includes any national or local newspaper, magazine, radio and/or television station) any matter related to the Company.
- (e) Mutual Non-Disparagement. Executive acknowledges that any disparaging comments by him against the Company are likely to substantially depreciate the business reputation of the Company. Executive agrees to act in good faith so as not to harm the business reputation of the Company in any way. Executive further agrees that he will not directly or indirectly defame, disparage, or publicly criticize the services, business, integrity, veracity or reputation of the Company or its owners, officers, directors, or employees in any forum or through any medium of communication. The Company agrees that it will not, directly or indirectly, through its executive officers or directors, defame, disparage, or publicly criticize the integrity, veracity or reputation of Executive. Nothing in this Agreement will preclude Executive or the Company and its executive officers and directors from supplying truthful information to any governmental authority or in response to any lawful subpoena or other legal process.

(f) Restrictive Covenants.

(i) Conflicting Employment. Executive agrees that, during the term of his employment with the Company, he will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of his employment, nor will he engage in any other activities that would or may conflict with his obligations or responsibilities to the Company.

(ii) Returning Company Documents and Property. Executive agrees that, at the time of leaving the employ of the Company or at any other time at the Company's request, he will deliver to the Company (and will not keep in his possession, recreate or deliver to anyone else) any and all software, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, Confidential Information, other documents or property, or reproductions of any aforementioned items developed by him pursuant to his employment with the Company or otherwise belonging to the Company, its successors or assigns. To the extent Executive has retained any the Company property or Confidential Information on any electronic or computer equipment belonging to him or under his control, Executive agrees to so advise the Company and to follow the Company's instructions in permanently deleting all such property or Confidential Information and all copies, including without limitation allowing the Company access to such equipment for purposes of permanently deleting all such property or Confidential Information. In the event of the termination of Executive's employment for any reason, Executive agrees to sign and deliver the "Termination Certification" attached to the Company's Employee Handbook and provide such other written assurances of his compliance with this Agreement as may be requested by the Company.

(iii) Notification to New Employer. During Executive's employment and for a period of twelve (12) months immediately following the termination of his employment with the Company, Executive will advise the Company of any new employer of his, or any other person or entity for whom he may perform services, within three (3) days after accepting an offer to work for such employer or other person or entity. Executive hereby agrees to notify, and grant consent to notification by the Company to, any new employer, or other person or entity for whom he may perform services, of his obligations under this Agreement.

(iv) Solicitation of Employees. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly, for himself or for any other person or entity:

- (1) solicit, induce, recruit or encourage any of the Company's employees, consultants, independent contractors or any person who provides services to the Company to terminate or reduce their employment or other relationship with the Company,
- (2) hire any individual who is (or was within the six (6) months immediately preceding such hiring) an employee, exclusive consultant, or exclusive independent contractor of the Company, or
- (3) attempt to do any of the foregoing.

(v) Solicitation of Customers. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly (i) solicit, entice, or induce any Customer for the purpose of providing, or provide, products or services that are competitive with the products or services provided by the Company, or (ii) solicit, entice, or induce any Customer to terminate or reduce its business with (or refrain from increasing its business with) the Company. As used in this subsection (f)(v) of Section 7,

“Customer” means any person or entity to which the Company provided products or services (or was invested in products offered by the Company), and with which Executive had contact on behalf of the Company, within the last twelve (12) months of his employment with the Company.

(vi) Noncompetition. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly:

(1) have any ownership interest in, or participate in the financing, operation, management or control of, any Competitor; or

(2) engage in or perform services (whether as an employee, consultant, proprietor, partner, director or otherwise) for any Competitor, if such services either (i) are the same as or similar to (individually or in the aggregate) the services Executive performed for the Company during his employment with the Company, or (ii) are performed with respect to products or services of the Competitor that are competitive with the products or services provided by the Company with which Executive was involved during his employment with the Company or about which he received Confidential Information during his employment with the Company.

(vii) As used in subsection (f)(vi) of Section 7, “Competitor” means any mortgage REIT (i) any mortgage REIT, (ii) any entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities, or (iii) any entity that manages or advises (including any external advisor) either a mortgage REIT or an entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities. The scope of the covenant set forth in subsection (f)(vi) of Section 7 will be within or with respect to the United States and any other country in which the Company is engaged in business. Executive acknowledges that the Company’s technology and products have worldwide application, including without limitation over the Internet and that such geographic scope is therefore reasonable. It is agreed that ownership of no more than 2% of the outstanding voting stock of a publicly traded corporation will not constitute a violation of subsection (f)(vi) of Section 7.

(viii) Corporate Opportunities. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, Executive will not use opportunities discovered in the course of his employment for his own personal gain or benefit. For example, if, in Executive’s capacity as a the Company employee, Executive is approached about or otherwise become aware of a potential investment or other business transaction that may be appropriate for the Company, Executive will not take that opportunity for himself, or share or disclose it to any third party, but rather Executive will bring it to the attention of his manager or other appropriate the Company personnel.

(g) Cooperation with Respect to Litigation. During the Term of Employment and at all times thereafter, Executive agrees to give prompt written notice to the Company of any claim against the Company after becoming aware of such claim and (to the extent reasonably requested by the Company) to reasonably cooperate, in good faith and to the best of his ability, with the Company in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Company. Such cooperation will include all assistance that the Company, its counsel or representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that the Company will promptly reimburse Executive for all reasonable

expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this Section 7(g) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Company, such cooperation will not materially interfere with Executive's then current employment.

(h) Remedies.

(i) Executive acknowledges and agrees that the restrictions set forth in this Agreement are critical and necessary to protect the Company's legitimate business interests; are reasonably drawn to this end with respect to duration, scope, and otherwise; are not unduly burdensome; are not injurious to the public interest; and are supported by adequate consideration. Executive agrees that it would be impossible or inadequate to measure and calculate the Company's damages from any breach of the restrictions set forth herein. Accordingly, Executive agrees that if he breaches or threatens to breach any of such restrictions, the Company will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and to specific performance of any such provision of this Agreement. Executive further agrees that no bond or other security will be required in obtaining such equitable relief and he hereby consents to the issuance of such injunction and to the ordering of specific performance. Executive further acknowledges and agrees that (i) any claim he may have against the Company, whether under this Agreement or otherwise, will not be a defense to enforcement of the restrictions set forth in this Agreement, (ii) the circumstances of his termination of employment with the Company will have no impact on his obligations under this Agreement, and (iii) this Agreement is enforceable by the Company, and its subsidiaries, affiliates, successors and assigns.

(ii) Executive, and the Company, agree and intend that Executive's obligations under this Agreement (to the extent not perpetual) be tolled during any period that Executive is in breach of any of the obligations under this Agreement, so that the Company is provided with the full benefit of the restrictive periods set forth herein.

(iii) Executive also agrees that, in addition to any other remedies available to the Company and notwithstanding any provision of this Agreement to the contrary, in the event Executive breaches in any material respect any of his obligations under this Section 7, the Company may immediately cease all payments under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, all equity-based awards granted under this Agreement may be immediately forfeited, and the Company may require that Executive repay any after-tax amounts previously paid to Executive under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, and any stock delivered or other amounts paid (each on an after-tax basis) with respect to any equity-based awards granted under this Agreement.

(iv) Executive and the Company further agree that, in the event that any provision of this Section 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision will be deemed to be modified to permit its enforcement to the maximum extent permitted by law. Executive further covenants that Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 7 and that Executive will reimburse the Company and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 7 if either the Company and/or its affiliates prevails on any material issue involved in such dispute or if Executive challenges the reasonableness or enforceability of any of the provisions of this Section 7, it being understood that Executive will not be considered to have challenged the enforceability of this Section 7 by arguing that his conduct did not, in fact, violate the terms of this Section 7. It is also agreed that each of the Company's affiliates will have the right to enforce all of Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 7.

8. Indemnification. The Company will indemnify Executive to the fullest extent permitted by Maryland law as amended from time to time in connection with Executive's duties with the Company, against all

costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, ERISA excise taxes and amounts paid in settlement) actually and reasonably incurred by Executive in connection with an action, suit or proceeding. Expenses incurred by Executive if Executive is a party to a proceeding to which this Section may be applicable will be paid or reimbursed by the Company in advance of the final disposition of the proceeding upon receipt by the Company of (i) a written affirmation of Executive's good faith belief that Executive is entitled to indemnification by the Company pursuant to this Section with respect to such expenses and proceeding, and (ii) a written undertaking by Executive, or on Executive's behalf, to and in favor of the Company, wherein Executive agrees to repay the amount if Executive is determined not to have been entitled to indemnification under this Section. While Executive is an officer of the Company, and for six years thereafter, the Company (or any successor thereto) will provide comprehensive coverage under its officers and directors insurance policy (or policies) on substantially the same terms and levels that it provides to its senior executive officers, at the Company's sole cost.

9. Clawback Policy. Executive agrees that all bonuses, equity compensation and other incentive compensation provided by the Company will be subject to any applicable clawback policy implemented by the Board of Directors from time to time.

10. Inventions

(i) Inventions Retained and Licensed. Executive has attached hereto, as Exhibit C, a list describing all inventions, original works of authorship, developments, improvements and trade secrets which were made by Executive prior to his employment with the Company (collectively referred to as "Prior Inventions"), which relate to the Company's proposed business, products or research and development and which are not assigned to the Company hereunder. If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands and acknowledges that he is not to list such Prior Inventions in Exhibit B but will only disclose a cursory name for each such invention and the fact that full disclosure as to such inventions has not been made for that reason. In Exhibit C, Executive has also indicated which Prior Inventions were made in connection with his employment with Annaly Capital Management Inc. Annaly Capital Management Inc. hereby consents to Executive's disclosure and use of such Prior Inventions for purposes of his employment with the Company. If there are no such Prior Inventions indicated on Exhibit C, Executive represents that there are no such Prior Inventions. If in the course of Executive's employment with the Company, Executive incorporates into any the Company product, service or process a Prior Invention, the Company is hereby granted and will have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(ii) Assignment of Inventions. Executive acknowledges that, during the term of his employment by the Company, Executive may be expected to undertake creative work, either alone or jointly with others, which may lead to inventions, ideas, original works of authorship, developments, concepts, improvements, trade secrets or other intellectual property rights, in each case, whether or not patentable or registrable under patent, copyright or similar laws and including, in each case, tangible embodiment of any of the foregoing ("Inventions"). Executive hereby agrees that all Inventions created during the term of his employment and that is related to the actual or prospective business of the Company or result from work performed by Executive for the Company (whether or not on the Company's premises or using the Company's equipment and materials or during regular business hours) ("Company Inventions") will be a work-for-hire and will be the sole and exclusive property of the Company and, to the extent such Company Inventions are not a work-for-hire, Executive hereby assigns to the Company Investment Corporation all of his right, title and interest in and to any and all such Company Inventions. In addition, any Inventions created within three years after the termination of Executive's employment by the Company which are based upon or derived from Confidential Information or Company Inventions will be the sole and exclusive property of the Company and Executive hereby assigns to the Company all of his right, title and interest in and to any and all such Company Inventions. Nothing in the preceding sentence will be construed to limit Executive's obligations under Section 10 of this Agreement.

(iii) Maintenance of Records. Executive agrees to keep and maintain adequate and current written records of all Company Inventions made by Executive (solely or jointly with others) during the term of Executive's employment with the Company. The records will be in the form of notes, sketches, drawings and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

(iv) Further Assistance. Executive agrees to assist the Company, or its designee, at the Company's or its designee's expense, in every proper way to secure Company's rights, or its designee's rights, in the Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company, or its designee, of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company, or its designee, will deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive rights, title and interest in and to such Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Executive further agrees that his obligation to execute or cause to be executed, when it is in his power to do so, any such instrument or papers will continue after the termination of this Agreement. If the Company, or its designee, is unable because of Executive's mental or physical incapacity or for any other reason to secure Executive's signature to apply for or to pursue any application for any United States or foreign patents, copyright registrations or other registrations covering Company Inventions, then Executive hereby irrevocably designates and appoints the Company, or its designee, and its duly authorized officers and agents as his agent and attorney in fact, to act for and in his behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by him. Executive understands and acknowledges that this appointment is coupled with an interest and survives his death or incompetence.

(v) Moral Rights. To the extent not assignable, Executive hereby waives, to the extent permitted by applicable law, any and all claims he may now or hereafter have in any jurisdiction to all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as "moral rights" with respect to all Company Inventions.

(vi) No License. Executive understands and acknowledges that this Agreement does not, and will not be construed to grant him any license or right of any nature with respect to any Company Inventions or Confidential Information.

(vii) Application. Executive agrees that the provisions of subsections (i) of this Section 10 will apply with respect to any and all Inventions, whether created during services to the Company or any predecessor entity, or during any pre-organization period. Executive acknowledges that the Company and its future investors will rely on this representation.

11. Assignability; Binding Nature. This Agreement will inure to the benefit of the Company and Executive and their respective successors, heirs (in the case of Executive) and assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that any such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. This Agreement will not be assignable by Executive; provided however that, in the event of Executive's death or a judicial determination of his incapacity, references to Executive in this Agreement will be deemed, as appropriate, to be references to his heirs, executor(s) or other legal representative(s).

12. Representation. The Company and Executive each represent and warrant that it or he is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the

performance of its or his obligations under this Agreement will not violate any agreement between to which it or he is a party.

13. Entire Agreement; Inconsistency. This Agreement contains the entire agreement between the Company and Executive concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between them with respect thereto. In the event of any inconsistency between this Agreement and any other plan, program, practice or agreement in which Executive is a participant or a party, whether applicable on the date of this Agreement or at any time thereafter, this Agreement will control unless, with Executive's prior written consent, such other plan, program, practice or agreement specifically refers to this Agreement as not so controlling.

14. Amendment or Waiver. This Agreement can only be changed, modified or amended in a writing that is signed by both Executive and the Company and that specifically identifies the provision(s) of this Agreement that are being changed, modified or amended. No waiver by either the Company or Executive at any time of any breach by the other party of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar condition or provision at the same or at any prior or subsequent time. Any waiver must be in writing and signed by Executive or the Board of Directors, as the case may be.

15. Severability. In the event that any provision or portion of this Agreement will be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

16. Reasonableness. To the extent that any provision or portion of this Agreement is determined to be unenforceable by a court of law or equity, that provision or portion of this Agreement will nevertheless be enforceable to the extent that such court determines is reasonable.

17. Survivorship. The respective rights and obligations of the parties hereunder will survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. For the avoidance of doubt, the covenants in Section 7 and the indemnification and insurance provisions of Section 8 of this Agreement will survive any termination or expiration of this Agreement and termination of Executive's employment for any reason.

18. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto will be governed by and construed in accordance with the laws of the State of New York (without regard to its choice of law provisions), other than rights and obligations (and related claims and disputes) pursuant to Section 8 (Indemnification) which will be governed by Maryland law. Each of the parties agrees that any dispute between the parties will be resolved only in the courts of the State of New York or the United States District Court for the Southern District of New York and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits for himself or itself in any proceeding relating to this Agreement or Executive's employment by the Company or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of New York, the court of the United States of America for the Southern District of New York, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding will be heard and determined in such New York State court or, to the extent permitted by law, in such federal court; (b) consents that any such Proceeding may and will be brought in such courts and waives any objection that he or it may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or Executive's employment by the Company or any affiliate, or his or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at his or its

address as provided in accordance with Section 19; and (e) agrees that nothing in this Agreement will affect the right to effect service of process in any other manner permitted by the laws of the State of New York.

19. Notices. Any notice given to either party will be in writing and will be deemed to have been given when delivered personally, by reputable overnight courier, or when received if sent by certified mail, postage prepaid, return receipt requested, duly addressed to the party concerned, if to the Company, at its principal executive office, and if to Executive, at the address of Executive shown on the Company's records or at such other address as such party may give notice of.

20. Withholding. The Company will be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company determines in its sole discretion to be required to be withheld pursuant to applicable law. The Company will use commercially reasonable efforts to establish a relationship with a broker-dealer to facilitate the sale of shares acquired on the vesting or exercise of any equity or equity-based compensation granted to Executive by the Company to enable Executive to satisfy all applicable withholding taxes due in connection with such vesting or exercise; provided that if the Company does not establish any such relationship, Executive may satisfy such withholding obligations by instructing the Company to retain shares otherwise deliverable to Executive upon the vesting or exercise of any such equity or equity-based award with a fair market value not exceeding the minimum amount required to be withheld by applicable law.

21. Headings. The headings of the Sections contained in this Agreement are for convenience only and will not be deemed to control or affect the meaning or construction of any provision of this Agreement.

22. Counterparts. This Agreement may be executed in two or more counterparts. Signatures delivered by facsimile (including by "pdf") will be deemed effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Chimera Investment Corporation

By: /s/ Gerard Creagh
Name: Gerard Creagh
Title: Member of the Compensation Committee

By: /s/ Matthew Lambiase
Name: Matthew Lambiase
Title: Chief Executive Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") by and between Chimera Investment Corporation (the "Company") and Choudhary Yarlalagadda ("Executive") is effective as of August 5, 2015 (the "Effective Date"), subject to and contingent upon the execution and effectiveness of that certain Transition Services Agreement by and between Annaly Management Company LLC ("Annaly") and the Company (the "TSA"), dated on or about the date hereof, and this Agreement will be null and void *ab initio* if the TSA is not executed by the Company and Annaly.

WITNESSETH:

WHEREAS, Executive wishes to be employed by the Company, and the Company wishes to secure the employment of Executive, under the terms and conditions described below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the parties hereto agree as follows:

1. Term of Employment.

(a) The Company hereby employs Executive, and Executive hereby accepts employment with the Company, in the positions and with the duties and responsibilities as set forth in Section 2 below for the Term of Employment (as defined below), subject to the terms and conditions of this Agreement.

(b) The term of employment under this Agreement will commence on the Effective Date and continue until December 31, 2018 (the "Initial Term"), and, prior to a Change in Control only, will be extended for an additional one year period (the "Renewal Term") on the last day of the Initial Term and on each subsequent anniversary thereof, unless either party provides written notice of nonrenewal to the other party not less than 90 days prior to the last day of the Initial Term or any Renewal Term (the Initial Term together with each Renewal Term, the "Term of Employment"); provided that, upon the consummation of a Change in Control, the Term of Employment will be extended to the second anniversary of such Change in Control; provided, further, that if the last day of the Term of Employment otherwise would occur during a Garden Leave period, the Term of Employment will continue through the end of such Garden Leave. The Term of Employment may also be terminated in accordance with Section 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, Executive will be employed as the Chief operating Officer of the Company, reporting directly to the Chief Executive Officer of the Company. Executive will (i) be responsible for, and, along with the Company's Chief Executive Officer, have authority over, the Company's operations, and (ii) have such other duties and responsibilities as are assigned to him by the Company's Chief Executive Officer or the Board of Directors of the Company (the "Board of Directors") (not inconsistent in any significant respect with the duties and responsibilities typically assigned to the chief operations officer of a publicly-traded REIT).

(b) During the Term of Employment, Executive will, without additional compensation, also serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for, or on behalf of, such subsidiaries or affiliates of the Company as the Board of Directors may, from time to time, request. For purposes of this Agreement, the term "affiliate" will have the meaning ascribed thereto in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Act").

(c) During the Term of Employment, Executive will serve the Company faithfully, diligently and to the best of his ability and will devote substantially all of his time and efforts to his employment and the

performance of his duties under this Agreement. Nothing herein will preclude Executive from engaging in charitable and community affairs and managing his personal, financial and legal affairs, so long as such activities do not materially interfere with his carrying out his duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, Executive will be entitled to receive an annualized base salary (the "Base Salary") of not less than \$750,000. Beginning in 2017, the Compensation Committee of the Board of Directors (the "Compensation Committee") will review Executive's Base Salary annually to determine whether increases are appropriate. Any such increased amount will thereafter be Executive's "Base Salary" for purposes under this Agreement.

(b) Performance Bonus.

(i) For the calendar year ending December 31, 2015, Executive will be paid a guaranteed bonus in the amount of \$1,465,000 (the "2015 Guaranteed Annual Bonus") and be eligible for an additional discretionary bonus in the amount of \$651,000 (the "2015 Discretionary Annual Bonus" and, with the 2015 Guaranteed Annual Bonus, the "2015 Annual Bonuses"). The 2015 Annual Bonuses will be paid 75% in cash and 25% in the form of restricted stock or restricted stock units ("RSUs"). The restricted stock or RSUs will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment with the Company (except as otherwise provided in Sections 5(a), 5(b) or 5(e)). The restricted stock will be subject to the terms of the applicable award agreement and the Company's equity compensation plan (the "Equity Compensation Plan"). Executive must be employed on December 31, 2015 to receive the 2015 Annual Bonuses. The 2015 Annual Bonuses will be paid, and restricted stock or RSUs issued, as applicable, between January 1, 2016 and March 15, 2016.

(ii) Commencing on January 1, 2016 and during the Term of Employment until December 31, 2018, Executive will be eligible to receive an annual bonus according to the terms set forth on the attached Exhibit A. The Compensation Committee will make all determinations with respect to the annual bonus in good faith and consistent with the attached Exhibit A. Thereafter, Executive's performance compensation will be determined by the Compensation Committee of the Board of Directors in its sole discretion, but in consultation with Executive.

(iii) The annual bonus will be paid in a combination of cash and restricted stock, restricted stock units ("RSUs") or performance stock units ("PSUs") granted under the Equity Compensation Plan, not inconsistent with any of the specific terms of this Agreement relating to PSUs, as set forth on Exhibit A, between January 1 and March 15 of the year following the end of the performance period.

(c) 2015 Long-Term Incentive Stock Award. On or about February 15, 2016 but no later than March 15, 2016, the Company will grant Executive restricted stock or RSUs having a grant fair market value of \$488,000 that will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment with the Company (except as otherwise provided in Sections 5(a), 5(b) or 5(e)), and will be subject to the terms and conditions of the Equity Compensation Plan and the applicable award agreement (the "2015 Equity Award").

(d) Stock Ownership Requirements. All shares of the Company stock distributed to Executive by the Company will be subject to the stock ownership guidelines in effect for executives from time to time, as determined by the Board of Directors. Unless the stock ownership guidelines provide otherwise, vested shares of equity grants cannot be transferred or sold during Executive's employment by the Company until the value of Executive's stock holdings in the Company (including shares of restricted stock) exceeds three times Executive's Base Salary; and following the termination of Executive's employment with the Company, vested shares of equity grants may not be sold or transferred to the extent the value of Executive's stock holdings does not exceed five times

Executive's Base Salary as of the date of Executive's termination of employment (provided, however, that this sentence will no longer apply following the six-month anniversary of Executive's termination of employment). Notwithstanding the foregoing, the restrictions of this subsection (d) will not prevent Executive from selling or directing the withholding of shares of the Company stock in accordance with and subject to Section 20 to satisfy income tax and employment tax obligations relating to the vesting and settlement of the equity grants to which the shares relate.

4. Employee Benefit Programs and Fringe Benefits. During the Term of Employment, Executive will be entitled to five weeks of vacation per fiscal year and will be eligible to participate in all executive incentive and employee benefit programs of the Company now or hereafter made available to the Company's senior executives or salaried employees generally, as such programs may be in effect from time to time. The Company will reimburse Executive for any and all necessary, customary and usual business expenses incurred by Executive in connection with his employment in accordance with applicable the Company policies.

5. Termination of Employment.

(a) Termination Due to Death or Disability. If Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below. In addition (subject to compliance with the requirements of Section 5(i) and Section 7 in the event of Disability):

(i) Executive will receive any earned and unpaid Annual Bonus (as defined in Exhibit A) for the Performance Period (as defined in Exhibit A) immediately preceding Executive's date of termination if Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, and such termination occurs on or after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A;

(ii) In the event Executive's employment is terminated during the Term of Employment by reason of Executive's Disability, the Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(iii) Whether or not such termination of employment due to death or Disability occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive in connection with an Annual Bonus that vests solely on the basis of continued employment will vest in full;

(iv) For any termination due to death or Disability, whether or not such termination of employment occurs during the Term of Employment, the vesting of the 2015 Equity Award will be fully accelerated as of the date of such termination of employment and be settled within 60 days following the date of such termination; and

(v) Solely in the case of a termination of Executive's employment by reason of Executive's Disability, whether or not such termination of employment occurs during the Term of Employment, Executive's outstanding PSUs previously granted in connection with the TSR Bonus (as defined in Exhibit A) will continue to be eligible to vest subject to the achievement by the Company of the applicable performance goals in

accordance with the terms and conditions of the Plan and the applicable award agreement as though such termination of employment had not occurred.

(b) **Termination By the Company Without Cause or By Executive for Good Reason Other Than Within 24 Months Following a Change in Control.** In the event Executive's employment is terminated during the Term of Employment by the Company without Cause or by Executive for Good Reason (other than for death or Disability, as described in Section 5(a)) occurring other than within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

(i) Executive will be entitled to a cash amount (the "Severance Amount") equal to one times the sum of (1) his then current Base Salary and (2) the average of the Annual Bonuses (as defined in Exhibit A) paid to Executive by the Company for the three (or fewer) calendar years preceding such termination (the "Average Bonus"); provided that, in the case of a termination occurring prior to the payment of the 2015 Annual Bonuses, the Average Bonus will be deemed to equal \$2,116,000. The Severance Amount will be paid in 12 equal monthly installments commencing within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive as part of his Annual Bonus other than the PSUs granted in connection with the TSR Bonus will, to the extent not already vested, immediately vest;

(iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding PSUs previously granted in connection with the TSR Bonus will continue to be eligible to vest subject to the achievement by the Company of the applicable performance goals in accordance with the terms and conditions of the Plan and the applicable award agreement as though such termination of employment had not occurred;

(iv) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, the vesting of the 2015 Equity Award will be fully accelerated as of the date of such termination of employment;

(v) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 12 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(vi) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any earned and unpaid Annual Bonus for the Performance Period immediately preceding Executive's date of termination if Executive's termination date occurs after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A; and

(vii) Executive will receive a pro-rata portion of the ROAE Bonus and the Discretionary Bonus (as such terms are defined in Exhibit A) that Executive would have earned for the year of

termination based on the Company's ROAE and other applicable performance metrics for such year, payable at the time such ROAE Bonus and Discretionary Bonus would have been paid to Executive for such year absent such termination but no later than March 15 of the immediately following year.

The parties agree that a termination of Executive's employment pursuant to this Section 5(b), Section 5(c) or Section 5(d) below will not be a breach of this Agreement and does not relieve either party of its/his other obligations hereunder.

(c) Termination by the Company for Cause or Voluntary Termination by Executive. In the event that at any time during the Term of Employment Executive's employment is terminated by the Company for Cause or by Executive other than for Good Reason, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f).

(d) Garden Leave. Executive will provide a Notice of Termination to the Company no less than 90 days prior to any termination of Executive's employment (whether for Good Reason or without Good Reason) during the Term of Employment, other than a termination during the period described in Section 5(e), and the Company will provide a Notice of Termination to Executive no less than 90 days prior to any termination of Executive's employment for Cause or without Cause during the Term of Employment, other than a termination during the period described in Section 5(e); provided that the Company may elect to terminate the Garden Leave (as defined below) and Executive's employment at any time during the Garden Leave if Executive is terminated for Cause. During this 90-day notice period (the "Garden Leave"), Executive will (i) continue to be an employee of the Company and will make himself available to provide such services directed by the Company that are reasonably consistent with Executive's status as a senior executive of the Company and (ii) continue to be paid his Base Salary and to be eligible to participate in the Company's benefits programs, but will not be eligible to earn any annual bonus with respect to a calendar year that ends after the commencement of the Garden Leave. During the Garden Leave, the Company may require Executive to resign from any position with the Company and/or remove any or all of Executive's duties or responsibilities, which will not constitute Good Reason or otherwise be a violation of this Agreement. Executive agrees that he will not commence employment with any entity during or in connection with the commencement of the Garden Leave. During the Garden Leave, Executive will take all steps reasonably requested by the Company to effect a successful transition of client and customer relationships to the person or persons designated by the Company. Notwithstanding the foregoing, the Company in its sole discretion may waive all or any portion of the 90-day notice requirement by providing written notice to Executive accelerating the last day of the Garden Leave period; provided that the Company's exercise of its right to waive all or any portion of the 90-day notice requirement and accelerate the last day of the Garden Leave period will not be treated as a termination of Executive's employment by the Company without Cause or as giving Executive any basis for terminating his employment for Good Reason.

(e) Termination Related to Change in Control. In the event of the termination of Executive's employment during the Term of Employment by the Company other than for Cause or Executive's resignation of his employment for Good Reason (other than for Disability, as described in Section 5(a)) within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

(i) The Company will immediately pay to Executive in a lump sum, but in all events within 60 days following the date of termination, a cash payment equal to the Severance Amount;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, all of Executive's outstanding restricted stock, RSUs and stock options previously granted, including, without limitation, the 2015 Equity Award, will

immediately vest in full, any dividend equivalents associated with any such equity award will continue to be payable according to the terms of the applicable grant agreement, any such RSUs will be settled within 60 days after the date of such termination of employment, and any such options will remain exercisable until the earlier of (a) 90 days following the date of such termination or (b) the date on which each such option would have expired had Executive's employment not terminated;

(iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, the portion of Executive's outstanding PSUs previously granted in connection with a TSR Bonus that, as provided in Exhibit A, became eligible to vest solely on the basis of continued employment following such Change in Control will vest and be settled within 60 days after the date of such termination of employment;

(iv) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(v) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any earned and unpaid Annual Bonus for the Performance Period immediately preceding Executive's date of termination if Executive's termination date occurs after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A; and

(vi) Executive will receive a pro-rata portion of the ROAE Bonus and the Discretionary Bonus (as such terms are defined in Exhibit A) that Executive would have earned for the year of termination based on the Company's ROAE and other applicable performance metrics for such year, payable at the time such ROAE Bonus and Discretionary Bonus would have been paid to Executive for such year absent such termination but no later than March 15 of the immediately following year.

(f) Other Payments. Upon the termination of Executive's employment during the Term of Employment, in addition to the amounts payable under any Section above, Executive will be entitled to receive the following:

- (i) any earned but unpaid portion of the Base Salary and accrued unused vacation;
- (ii) any vested deferred compensation (including any interest accrued on or appreciation in value of such deferred amounts) in accordance with the applicable plan documents;
- (iii) reimbursement for reasonable business expenses incurred but not yet reimbursed by the Company in accordance with the Company's expense reimbursement policy, as in effect from time to time; and
- (iv) any other benefits to which Executive or his legal representative may be entitled under all applicable plans and programs of the Company, as provided in Section 4 above.

(g) Payments Subject to Section 409A and Other Applicable Law.

- (i) The Company and Executive intend that this Agreement will be interpreted and administered so that any amount or benefit payable hereunder will be paid or provided in a manner that is either exempt from or compliant with Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service guidance promulgated thereunder ("Section 409A").
- (ii) Notwithstanding anything herein to the contrary, Executive will not be entitled to any payment pursuant to this Section 5 prior to the earliest date permitted under Section 409A of the Code, and applicable Treasury regulations thereunder. To the extent any payment pursuant to this Section 5 is required to be delayed six months pursuant to the special rules of Section 409A of the Code related to "specified employees," each affected payment will be delayed until six months after Executive's termination of employment, and, unless provided otherwise, with the first such payment being a lump sum equal to the aggregate payments Executive would have received during such six-month period if no payment delay had been imposed. Any payments or distributions delayed in accordance with the prior sentence will be paid to Executive on the first day of the seventh month following Executive's termination of employment or, if earlier, within ten days following the date of Executive's death.
- (iii) Notwithstanding any other provision contained herein, to the extent any payments or distributions due to Executive upon termination of his employment under this Agreement are subject to Section 409A of the Code (i) a termination of Executive's employment will be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and the applicable Treasury regulations thereunder and (ii) all such payments will be treated as a series of separate payments for purposes of Section 409A of the Code.
- (iv) If Executive is entitled to any reimbursement of expenses or in-kind benefits that are includable in Executive's federal gross taxable income, the amount of such expenses reimbursable or in-kind benefits provided in any one calendar year will not affect the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year. Executive's right to reimbursement of expenses or in-kind benefits under this Agreement will not be subject to liquidation or exchange for another benefit.
- (v) None of the Company, its affiliates or their respective directors, officers, employees or advisors will be held liable for any taxes, interest or other amounts owed by Executive as a result of the application of Section 409A or otherwise.
- (h) No Mitigation; No Offset. In the event of any termination of Executive's employment under this Agreement, he will be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for in this Section 5, and there will be no offset against amounts due him under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.
- (i) Release. The Company's obligation to make any payment or provide any benefit pursuant to this Section 5 (other than pursuant to Sections 5(f) above) will be contingent upon, and is the consideration for, (A) Executive executing and delivering to the Company, within 45 days after termination of his employment, a general release (the "Release"), substantially in the form annexed hereto as Exhibit B, and (B) such release becoming irrevocable in accordance with its terms. In the event that the 45-day period referred to in the immediately preceding sentence spans two calendar years, any payments that, but for this sentence, would have been made hereunder during the first such calendar year will be delayed and paid to Executive on the first regular payroll date of the Company in such second calendar year, with any subsequent payments to be made as if no such delay had occurred.
- (j) Parachute Payments.
- (i) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it will be determined that any payment or distribution in the nature of compensation (within the meaning

of Section 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company will reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide Executive with a greater net after-tax amount than would be the case if no such reduction was made. To the extent such Payments are required to be so reduced, the Payments due to Executive will be reduced in the following order, unless otherwise agreed and such agreement is in compliance with Section 409A of the Code: (i) Payments that are payable in cash, with amounts that are payable last reduced first; (ii) Payments due in respect of any equity or equity derivatives included at their full value under Section 280G (rather than their accelerated value); (iii) Payments due in respect of any equity or equity derivatives valued at accelerated value under Section 280G, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (iv) all other non-cash benefits. The Payments will be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which Executive would be subject with respect to the unreduced Payments).

(ii) The "Reduced Amount" will be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement or otherwise without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(iii) All determinations to be made under this Section 5(j) will be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to a change in control, which will provide its determinations and any supporting calculations both to the Company and Executive within ten days of the change in control. Any such determination by such firm will be binding upon the Company and Executive. All fees and expenses of the accounting or consulting firm in performing the determinations referred to in this Section 5(j) will be borne solely by the Company.

(k) Resignation from Positions. Upon termination of Executive's employment with the Company for any reason, Executive will be deemed to have resigned with immediate effect from any position he then holds as an officer, director or fiduciary of the Company or any Company-related entity. In furtherance of the foregoing, Executive will execute and deliver to the Company any letters, documents and other instruments necessary or appropriate to effect such resignation.

(l) For the avoidance of doubt, Executive will not be entitled to any payments or benefits under Section 5(e) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(b), and Executive will not be entitled to any payments or benefits under Section 5(b) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(e).

(m) Termination by the Company Without Cause After Expiration of the Term of Employment Following Delivery of Notice of Nonrenewal of the Term of Employment By the Company. If the Company provides Executive written notice of nonrenewal of the Term of Employment in accordance with Section 1(b) and the Company terminates Executive's employment without Cause after the last day of the Term of Employment, then, if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7, the Company will, in addition to providing the benefits set forth in Sections 5(b)(ii), (iii), (iv) and (vi), continue to pay Executive the Base Salary for a period of one year following his termination date in accordance with the Company's regular payroll practices. Such Base Salary continuation payments will commence within 60 days

following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement.

6. **Definitions.** For purposes of this Agreement, the following terms will be defined as set forth below:

(a) "**Cause**" means Executive's (i) conviction, or entry of a guilty plea or a plea of nolo contendere with respect to, a felony, a crime of moral turpitude or any crime committed against the Company, other than traffic violations; (ii) engagement in willful misconduct, gross negligence, or fraud, embezzlement or misappropriation relating to significant amounts, in each case in connection with the performance of his duties under this Agreement; (iii) willful failure to adhere to the lawful directions of the Board of Directors that are reasonably consistent with his duties and position provided for herein; (iv) breach in any material respect of any of the provisions of Section 7 of this Agreement; (v) chronic or persistent substance abuse that materially and adversely affects his performance of his duties under this Agreement or (vi) breach in any material respect of the terms and provisions of this Agreement resulting in material and demonstrable economic injury to the Company. No act or omission to act by Executive will be "willful" if conducted in good faith or with a reasonable belief that such act or omission was in the best interests of the Company. Notwithstanding the foregoing, (a) Executive will be given written notice of any action or failure to act that is alleged to constitute Cause (a "**Default**"), and an opportunity for 20 business days from the date of such notice in which to cure such Default, such period to be subject to extension in the discretion of the Board of Directors and (b) regardless of whether Executive is able to cure any Default, Executive will not be deemed to have been terminated for Cause without (I) reasonable prior written notice to Executive setting forth the reasons for the decision to terminate Executive for Cause, (II) an opportunity for Executive, together with his counsel, to be heard by the Board of Directors and (III) delivery to Executive of a Notice of Termination approved by the Board of Directors, stating its good faith opinion that Executive has engaged in actions or conduct described in the preceding sentence, which notice specifies the particulars of such action or conduct in reasonable detail; provided, however, the Company may suspend Executive with pay until such time as his right to appear before the Board of Directors, as the case may be, has been exercised, so long as such appearance is within two weeks of the date of suspension.

(b) "**Change in Control**" means the occurrence of any one of the following events to the extent such event also constitutes a "**change in control event**" for purposes of Section 409A of the Code:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Company, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its affiliates) together with all affiliates and "associates" (as such term is defined in Rule 12b-2 under the Act) of such person, will become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board of Directors ("**voting securities**") (other than as a result of an acquisition of securities directly from the Company); or

(ii) persons who, as of the effective date of this Agreement, constitute the Company's Board of Directors (the "**Incumbent Directors**") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board of Directors, provided that any person becoming a Director of the Company subsequent to the effective date whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors will, for purposes of this Agreement, be considered an Incumbent Director; or

(iii) there will occur (A) any consolidation or merger of the Company or any subsidiary where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 60% or more of the voting securities of the

corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company (other than to an entity 60% or more owned by the shareholders of the Company) or (C) any liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change in Control" will not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of Shares or other voting securities outstanding, increases the proportionate voting power represented by the voting securities beneficially owned by any person to 40% or more of the combined voting power of all then outstanding voting securities.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Disability" means Executive's inability for a period of six consecutive months, to render substantially the services provided for in this Agreement by reason of mental or physical disability, whether resulting from illness, accident or otherwise, other than by reason of chronic or persistent abuse of any substance (such as narcotics or alcohol), provided that a Disability for purposes of Section 5(a) will qualify as a Disability under Section 409A of the Code. Notwithstanding the foregoing, no circumstances or condition will constitute a Disability to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition will continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax. In addition, nothing herein will limit or restrict the payment of any amount subject to Section 409A of the Code upon an otherwise permitted payment event under Section 409A of the Code, including upon a separation from service.

(e) "Good Reason" means:

- (i) a material diminution in Executive's title, duties or responsibilities;
- (ii) relocation of Executive's place of employment without his consent outside the New York City metropolitan area or, following a Change in Control, outside of the Borough of Manhattan;
- (iii) the failure of the Company to pay within 30 business days any material payment or benefits due from the Company;
- (iv) the material failure by the Company to honor any of its material obligations to Executive.

For Good Reason to exist, Executive must provide written notice of an event purportedly constituting Good Reason within 90 days of its occurrence, the Company must have failed to cure such event within 30 days following such notice and Executive must provide written notice of his decision to terminate employment, such notice to be provided within 15 days following the expiration of such cure period. The effective date of such termination will be the end of the period of Garden Leave.

(f) "Notice of Termination," means the written notice of termination of Executive's employment delivered by, as applicable, Executive or the Company.

7. Covenants.

(a) Confidentiality Restrictions. Executive agrees at all times during the term of his employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company (while employed by the Company), or to disclose to any person, firm or corporation without advance written

authorization of the Board of Directors, except as necessary for Executive to discharge his duties hereunder, any Confidential Information of the Company. Executive understands and acknowledges that "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of the Company; marketing plans, projections, presentations or strategies of the Company; financial and budget information of the Company; personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations; information regarding the existence or terms of any agreement or relationship between the Company and any other party; and any other information of whatever nature, which gives to the Company an opportunity to obtain an advantage over its competitors who or which do not have access to such information. Executive understands and acknowledges that Confidential Information developed by him, during the term of his employment by the Company, will be subject to the terms and conditions of this Agreement as if the Company furnished the same Confidential Information to Executive in the first instance. Executive further understands and acknowledges that Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act of Executive or of others who were under confidentiality obligations as to the item or items involved. In the event that Executive is required by law to disclose any Confidential Information, Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.

(b) Former Employer Information. Executive agrees that he will not, during and in connection with his employment with the Company, use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that he will not bring into the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity. Executive also acknowledges that he is free from any conflicts from previous employment contracts or agreements with all previous employers, and he is available for employment by the Company with no legal encumbrances and agrees to hold the Company harmless from any lawsuits arising from his previous employment.

(c) Third Party Information. Executive recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out his work for the Company consistent with the Company's agreement with such third party.

(d) No Public Statements. Executive agrees that he will not, without the Company's prior written consent, discuss with the media (which includes any national or local newspaper, magazine, radio and/or television station) any matter related to the Company.

(e) Mutual Non-Disparagement. Executive acknowledges that any disparaging comments by him against the Company are likely to substantially depreciate the business reputation of the Company. Executive agrees to act in good faith so as not to harm the business reputation of the Company in any way. Executive further agrees that he will not directly or indirectly defame, disparage, or publicly criticize the services, business, integrity, veracity or reputation of the Company or its owners, officers, directors, or employees in any forum or through any medium of communication. The Company agrees that it will not, directly or indirectly, through its executive officers or directors, defame, disparage, or publicly criticize the integrity, veracity or reputation of Executive. Nothing in this Agreement will preclude Executive or the Company and its executive officers and directors from supplying truthful information to any governmental authority or in response to any lawful subpoena or other legal process.

(f) Restrictive Covenants.

(i) Conflicting Employment. Executive agrees that, during the term of his employment with the Company, he will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of his employment, nor will he engage in any other activities that would or may conflict with his obligations or responsibilities to the Company.

(ii) Returning Company Documents and Property. Executive agrees that, at the time of leaving the employ of the Company or at any other time at the Company's request, he will deliver to the Company (and will not keep in his possession, recreate or deliver to anyone else) any and all software, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, Confidential Information, other documents or property, or reproductions of any aforementioned items developed by him pursuant to his employment with the Company or otherwise belonging to the Company, its successors or assigns. To the extent Executive has retained any the Company property or Confidential Information on any electronic or computer equipment belonging to him or under his control, Executive agrees to so advise the Company and to follow the Company's instructions in permanently deleting all such property or Confidential Information and all copies, including without limitation allowing the Company access to such equipment for purposes of permanently deleting all such property or Confidential Information. In the event of the termination of Executive's employment for any reason, Executive agrees to sign and deliver the "Termination Certification" attached to the Company's Employee Handbook and provide such other written assurances of his compliance with this Agreement as may be requested by the Company.

(iii) Notification to New Employer. During Executive's employment and for a period of twelve (12) months immediately following the termination of his employment with the Company, Executive will advise the Company of any new employer of his, or any other person or entity for whom he may perform services, within three (3) days after accepting an offer to work for such employer or other person or entity. Executive hereby agrees to notify, and grant consent to notification by the Company to, any new employer, or other person or entity for whom he may perform services, of his obligations under this Agreement.

(iv) Solicitation of Employees. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly, for himself or for any other person or entity:

- (1) solicit, induce, recruit or encourage any of the Company's employees, consultants, independent contractors or any person who provides services to the Company to terminate or reduce their employment or other relationship with the Company,
- (2) hire any individual who is (or was within the six (6) months immediately preceding such hiring) an employee, exclusive consultant, or exclusive independent contractor of the Company, or
- (3) attempt to do any of the foregoing.

(v) Solicitation of Customers. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly (i) solicit, entice, or induce any Customer for the purpose of providing, or provide, products or services that are competitive with the products or services provided by the Company, or (ii) solicit, entice, or induce any Customer to terminate or reduce its business with (or refrain from increasing its business with) the Company. As used in this subsection (f)(v) of Section 7, "Customer" means any person or entity to which the Company provided products or services (or was invested in

products offered by the Company), and with which Executive had contact on behalf of the Company, within the last twelve (12) months of his employment with the Company.

(vi) Noncompetition. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly:

(1) have any ownership interest in, or participate in the financing, operation, management or control of, any Competitor; or

(2) engage in or perform services (whether as an employee, consultant, proprietor, partner, director or otherwise) for any Competitor, if such services either (i) are the same as or similar to (individually or in the aggregate) the services Executive performed for the Company during his employment with the Company, or (ii) are performed with respect to products or services of the Competitor that are competitive with the products or services provided by the Company with which Executive was involved during his employment with the Company or about which he received Confidential Information during his employment with the Company.

(vii) As used in subsection (f)(vi) of Section 7, "Competitor" means any mortgage REIT (i) any mortgage REIT, (ii) any entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities, or (iii) any entity that manages or advises (including any external advisor) either a mortgage REIT or an entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities. The scope of the covenant set forth in subsection (f)(vi) of Section 7 will be within or with respect to the United States and any other country in which the Company is engaged in business. Executive acknowledges that the Company's technology and products have worldwide application, including without limitation over the Internet and that such geographic scope is therefore reasonable. It is agreed that ownership of no more than 2% of the outstanding voting stock of a publicly traded corporation will not constitute a violation of subsection (f)(vi) of Section 7.

(viii) Corporate Opportunities. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, Executive will not use opportunities discovered in the course of his employment for his own personal gain or benefit. For example, if, in Executive's capacity as a the Company employee, Executive is approached about or otherwise become aware of a potential investment or other business transaction that may be appropriate for the Company, Executive will not take that opportunity for himself, or share or disclose it to any third party, but rather Executive will bring it to the attention of his manager or other appropriate the Company personnel.

(g) Cooperation with Respect to Litigation. During the Term of Employment and at all times thereafter, Executive agrees to give prompt written notice to the Company of any claim against the Company after becoming aware of such claim and (to the extent reasonably requested by the Company) to reasonably cooperate, in good faith and to the best of his ability, with the Company in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Company. Such cooperation will include all assistance that the Company, its counsel or representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that the Company will promptly reimburse Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this

Section 7(g) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Company, such cooperation will not materially interfere with Executive's then current employment.

(h) Remedies.

(i) Executive acknowledges and agrees that the restrictions set forth in this Agreement are critical and necessary to protect the Company's legitimate business interests; are reasonably drawn to this end with respect to duration, scope, and otherwise; are not unduly burdensome; are not injurious to the public interest; and are supported by adequate consideration. Executive agrees that it would be impossible or inadequate to measure and calculate the Company's damages from any breach of the restrictions set forth herein. Accordingly, Executive agrees that if he breaches or threatens to breach any of such restrictions, the Company will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and to specific performance of any such provision of this Agreement. Executive further agrees that no bond or other security will be required in obtaining such equitable relief and he hereby consents to the issuance of such injunction and to the ordering of specific performance. Executive further acknowledges and agrees that (i) any claim he may have against the Company, whether under this Agreement or otherwise, will not be a defense to enforcement of the restrictions set forth in this Agreement, (ii) the circumstances of his termination of employment with the Company will have no impact on his obligations under this Agreement, and (iii) this Agreement is enforceable by the Company, and its subsidiaries, affiliates, successors and assigns.

(ii) Executive, and the Company, agree and intend that Executive's obligations under this Agreement (to the extent not perpetual) be tolled during any period that Executive is in breach of any of the obligations under this Agreement, so that the Company is provided with the full benefit of the restrictive periods set forth herein.

(iii) Executive also agrees that, in addition to any other remedies available to the Company and notwithstanding any provision of this Agreement to the contrary, in the event Executive breaches in any material respect any of his obligations under this Section 7, the Company may immediately cease all payments under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, all equity-based awards granted under this Agreement may be immediately forfeited, and the Company may require that Executive repay any after-tax amounts previously paid to Executive under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, and any stock delivered or other amounts paid (each on an after-tax basis) with respect to any equity-based awards granted under this Agreement.

(iv) Executive and the Company further agree that, in the event that any provision of this Section 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision will be deemed to be modified to permit its enforcement to the maximum extent permitted by law. Executive further covenants that Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 7 and that Executive will reimburse the Company and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 7 if either the Company and/or its affiliates prevails on any material issue involved in such dispute or if Executive challenges the reasonableness or enforceability of any of the provisions of this Section 7, it being understood that Executive will not be considered to have challenged the enforceability of this Section 7 by arguing that his conduct did not, in fact, violate the terms of this Section 7. It is also agreed that each of the Company's affiliates will have the right to enforce all of Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 7.

8. Indemnification. The Company will indemnify Executive to the fullest extent permitted by Maryland law as amended from time to time in connection with Executive's duties with the Company, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties,

ERISA excise taxes and amounts paid in settlement) actually and reasonably incurred by Executive in connection with an action, suit or proceeding. Expenses incurred by Executive if Executive is a party to a proceeding to which this Section may be applicable will be paid or reimbursed by the Company in advance of the final disposition of the proceeding upon receipt by the Company of (i) a written affirmation of Executive's good faith belief that Executive is entitled to indemnification by the Company pursuant to this Section with respect to such expenses and proceeding, and (ii) a written undertaking by Executive, or on Executive's behalf, to and in favor of the Company, wherein Executive agrees to repay the amount if Executive is determined not to have been entitled to indemnification under this Section. While Executive is an officer of the Company, and for six years thereafter, the Company (or any successor thereto) will provide comprehensive coverage under its officers and directors insurance policy (or policies) on substantially the same terms and levels that it provides to its senior executive officers, at the Company's sole cost.

9. Clawback Policy. Executive agrees that all bonuses, equity compensation and other incentive compensation provided by the Company will be subject to any applicable clawback policy implemented by the Board of Directors from time to time.

10. Inventions

(i) Inventions Retained and Licensed. Executive has attached hereto, as Exhibit C, a list describing all inventions, original works of authorship, developments, improvements and trade secrets which were made by Executive prior to his employment with the Company (collectively referred to as "Prior Inventions"), which relate to the Company's proposed business, products or research and development and which are not assigned to the Company hereunder. If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands and acknowledges that he is not to list such Prior Inventions in Exhibit B but will only disclose a cursory name for each such invention and the fact that full disclosure as to such inventions has not been made for that reason. In Exhibit C, Executive has also indicated which Prior Inventions were made in connection with his employment with Annaly Capital Management Inc. Annaly Capital Management Inc. hereby consents to Executive's disclosure and use of such Prior Inventions for purposes of his employment with the Company. If there are no such Prior Inventions indicated on Exhibit C, Executive represents that there are no such Prior Inventions. If in the course of Executive's employment with the Company, Executive incorporates into any the Company product, service or process a Prior Invention, the Company is hereby granted and will have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(ii) Assignment of Inventions. Executive acknowledges that, during the term of his employment by the Company, Executive may be expected to undertake creative work, either alone or jointly with others, which may lead to inventions, ideas, original works of authorship, developments, concepts, improvements, trade secrets or other intellectual property rights, in each case, whether or not patentable or registrable under patent, copyright or similar laws and including, in each case, tangible embodiment of any of the foregoing ("Inventions"). Executive hereby agrees that all Inventions created during the term of his employment and that is related to the actual or prospective business of the Company or result from work performed by Executive for the Company (whether or not on the Company's premises or using the Company's equipment and materials or during regular business hours) ("Company Inventions") will be a work-for-hire and will be the sole and exclusive property of the Company and, to the extent such Company Inventions are not a work-for-hire, Executive hereby assigns to the Company Investment Corporation all of his right, title and interest in and to any and all such Company Inventions. In addition, any Inventions created within three years after the termination of Executive's employment by the Company which are based upon or derived from Confidential Information or Company Inventions will be the sole and exclusive property of the Company and Executive hereby assigns to the Company all of his right, title and interest in and to any and all such Company Inventions. Nothing in the preceding sentence will be construed to limit Executive's obligations under Section 10 of this Agreement.

(iii) Maintenance of Records. Executive agrees to keep and maintain adequate and current written records of all Company Inventions made by Executive (solely or jointly with others) during the term of

Executive's employment with the Company. The records will be in the form of notes, sketches, drawings and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

(iv) Further Assistance. Executive agrees to assist the Company, or its designee, at the Company's or its designee's expense, in every proper way to secure Company's rights, or its designee's rights, in the Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company, or its designee, of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company, or its designee, will deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive rights, title and interest in and to such Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Executive further agrees that his obligation to execute or cause to be executed, when it is in his power to do so, any such instrument or papers will continue after the termination of this Agreement. If the Company, or its designee, is unable because of Executive's mental or physical incapacity or for any other reason to secure Executive's signature to apply for or to pursue any application for any United States or foreign patents, copyright registrations or other registrations covering Company Inventions, then Executive hereby irrevocably designates and appoints the Company, or its designee, and its duly authorized officers and agents as his agent and attorney in fact, to act for and in his behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by him. Executive understands and acknowledges that this appointment is coupled with an interest and survives his death or incompetence.

(v) Moral Rights. To the extent not assignable, Executive hereby waives, to the extent permitted by applicable law, any and all claims he may now or hereafter have in any jurisdiction to all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as "moral rights" with respect to all Company Inventions.

(vi) No License. Executive understands and acknowledges that this Agreement does not, and will not be construed to grant him any license or right of any nature with respect to any Company Inventions or Confidential Information.

(vii) Application. Executive agrees that the provisions of subsections (i) of this Section 10 will apply with respect to any and all Inventions, whether created during services to the Company or any predecessor entity, or during any pre-organization period. Executive acknowledges that the Company and its future investors will rely on this representation.

11. Assignability; Binding Nature. This Agreement will inure to the benefit of the Company and Executive and their respective successors, heirs (in the case of Executive) and assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that any such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. This Agreement will not be assignable by Executive; provided however that, in the event of Executive's death or a judicial determination of his incapacity, references to Executive in this Agreement will be deemed, as appropriate, to be references to his heirs, executor(s) or other legal representative(s).

12. Representation. The Company and Executive each represent and warrant that it or he is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its or his obligations under this Agreement will not violate any agreement between to which it or he is a party.

13. Entire Agreement; Inconsistency. This Agreement contains the entire agreement between the Company and Executive concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between them with respect thereto. In the event of any inconsistency between this Agreement and any other plan, program, practice or agreement in which Executive is a participant or a party, whether applicable on the date of this Agreement or at any time thereafter, this Agreement will control unless, with Executive's prior written consent, such other plan, program, practice or agreement specifically refers to this Agreement as not so controlling.

14. Amendment or Waiver. This Agreement can only be changed, modified or amended in a writing that is signed by both Executive and the Company and that specifically identifies the provision(s) of this Agreement that are being changed, modified or amended. No waiver by either the Company or Executive at any time of any breach by the other party of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar condition or provision at the same or at any prior or subsequent time. Any waiver must be in writing and signed by Executive or the Board of Directors, as the case may be.

15. Severability. In the event that any provision or portion of this Agreement will be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

16. Reasonableness. To the extent that any provision or portion of this Agreement is determined to be unenforceable by a court of law or equity, that provision or portion of this Agreement will nevertheless be enforceable to the extent that such court determines is reasonable.

17. Survivorship. The respective rights and obligations of the parties hereunder will survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. For the avoidance of doubt, the covenants in Section 7 and the indemnification and insurance provisions of Section 8 of this Agreement will survive any termination or expiration of this Agreement and termination of Executive's employment for any reason.

18. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto will be governed by and construed in accordance with the laws of the State of New York (without regard to its choice of law provisions), other than rights and obligations (and related claims and disputes) pursuant to Section 8 (Indemnification) which will be governed by Maryland law. Each of the parties agrees that any dispute between the parties will be resolved only in the courts of the State of New York or the United States District Court for the Southern District of New York and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits for himself or itself in any proceeding relating to this Agreement or Executive's employment by the Company or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of New York, the court of the United States of America for the Southern District of New York, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding will be heard and determined in such New York State court or, to the extent permitted by law, in such federal court; (b) consents that any such Proceeding may and will be brought in such courts and waives any objection that he or it may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or Executive's employment by the Company or any affiliate, or his or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at his or its address as provided in accordance with Section 19; and (e) agrees that nothing in this Agreement will affect the right to effect service of process in any other manner permitted by the laws of the State of New York.

19. Notices. Any notice given to either party will be in writing and will be deemed to have been given when delivered personally, by reputable overnight courier, or when received if sent by certified mail, postage prepaid, return receipt requested, duly addressed to the party concerned, if to the Company, at its principal executive office, and if to Executive, at the address of Executive shown on the Company's records or at such other address as such party may give notice of.

20. Withholding. The Company will be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company determines in its sole discretion to be required to be withheld pursuant to applicable law. The Company will use commercially reasonable efforts to establish a relationship with a broker-dealer to facilitate the sale of shares acquired on the vesting or exercise of any equity or equity-based compensation granted to Executive by the Company to enable Executive to satisfy all applicable withholding taxes due in connection with such vesting or exercise; provided that if the Company does not establish any such relationship, Executive may satisfy such withholding obligations by instructing the Company to retain shares otherwise deliverable to Executive upon the vesting or exercise of any such equity or equity-based award with a fair market value not exceeding the minimum amount required to be withheld by applicable law.

21. Headings. The headings of the Sections contained in this Agreement are for convenience only and will not be deemed to control or affect the meaning or construction of any provision of this Agreement.

22. Counterparts. This Agreement may be executed in two or more counterparts. Signatures delivered by facsimile (including by "pdf") will be deemed effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Chimera Investment Corporation

By: /s/ Gerard Creagh
Name: Gerard Creagh
Title: Member of the Compensation Committee

By: /s/ Choudhary Yarlagadda
Name: Choudhary Yarlagadda
Title: Chief Operating Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") by and between Chimera Investment Corporation (the "Company") and Mohit Marria ("Executive") is effective as of August 5, 2015 (the "Effective Date"), subject to and contingent upon the execution and effectiveness of that certain Transition Services Agreement by and between Annaly Management Company LLC ("Annaly") and the Company (the "TSA"), dated on or about the date hereof, and this Agreement will be null and void *ab initio* if the TSA is not executed by the Company and Annaly.

WITNESSETH:

WHEREAS, Executive wishes to be employed by the Company, and the Company wishes to secure the employment of Executive, under the terms and conditions described below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the parties hereto agree as follows:

1. Term of Employment

(a) The Company hereby employs Executive, and Executive hereby accepts employment with the Company, in the positions and with the duties and responsibilities as set forth in Section 2 below for the Term of Employment (as defined below), subject to the terms and conditions of this Agreement.

(b) The term of employment under this Agreement will commence on the Effective Date and continue until December 31, 2018 (the "Initial Term"), and, prior to a Change in Control only, will be extended for an additional one year period (the "Renewal Term") on the last day of the Initial Term and on each subsequent anniversary thereof, unless either party provides written notice of nonrenewal to the other party not less than 90 days prior to the last day of the Initial Term or any Renewal Term (the Initial Term together with each Renewal Term, the "Term of Employment"); provided that, upon the consummation of a Change in Control, the Term of Employment will be extended to the second anniversary of such Change in Control; provided, further, that if the last day of the Term of Employment otherwise would occur during a Garden Leave period, the Term of Employment will continue through the end of such Garden Leave. The Term of Employment may also be terminated in accordance with Section 5 hereof.

2. Position; Duties and Responsibilities

(a) During the Term of Employment, Executive will be employed as the Chief Investment Officer of the Company, reporting directly to the Chief Executive Officer of the Company. Executive will (i) be responsible for, and, along with the Company's Chief Executive Officer, have authority over, the Company's investment functions, and (ii) have such other duties and responsibilities as are assigned to him by the Company's Chief Executive Officer or the Board of Directors of the Company (the "Board of Directors") (not inconsistent in any significant respect with the duties and responsibilities typically assigned to the chief investment officer of a publicly-traded REIT).

(b) During the Term of Employment, Executive will, without additional compensation, also serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for, or on behalf of, such subsidiaries or affiliates of the Company as the Board of Directors may, from time to time, request. For purposes of this Agreement, the term "affiliate" will have the meaning ascribed thereto in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Act").

(c) During the Term of Employment, Executive will serve the Company faithfully, diligently and to the best of his ability and will devote substantially all of his time and efforts to his employment and the

performance of his duties under this Agreement. Nothing herein will preclude Executive from engaging in charitable and community affairs and managing his personal, financial and legal affairs, so long as such activities do not materially interfere with his carrying out his duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, Executive will be entitled to receive an annualized base salary (the "Base Salary") of not less than \$500,000; provided that the Base Salary through December 31, 2015 will be \$300,000. Beginning in 2017, the Compensation Committee of the Board of Directors (the "Compensation Committee") will review Executive's Base Salary annually to determine whether increases are appropriate. Any such increased amount will thereafter be Executive's "Base Salary" for purposes under this Agreement.

(b) Performance Bonus.

(i) For the calendar year ending December 31, 2015, Executive will be paid a guaranteed bonus in the amount of \$1,041,000 (the "2015 Guaranteed Annual Bonus") and be eligible for an additional discretionary bonus in the amount of \$463,000 (the "2015 Discretionary Annual Bonus" and, with the 2015 Guaranteed Annual Bonus, the "2015 Annual Bonuses"). The 2015 Annual Bonuses will be paid 75% in cash and 25% in the form of restricted stock or restricted stock units ("RSUs"). The restricted stock or RSUs will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment with the Company (except as otherwise provided in Sections 5(a), 5(b) or 5(e)). The restricted stock will be subject to the terms of the applicable award agreement and the Company's equity compensation plan (the "Equity Compensation Plan"). Executive must be employed on December 31, 2015 to receive the 2015 Annual Bonuses. The 2015 Annual Bonuses will be paid, and restricted stock or RSUs issued, as applicable, between January 1, 2016 and March 15, 2016.

(ii) Commencing on January 1, 2016 and during the Term of Employment until December 31, 2018, Executive will be eligible to receive an annual bonus according to the terms set forth on the attached Exhibit A. The Compensation Committee will make all determinations with respect to the annual bonus in good faith and consistent with the attached Exhibit A. Thereafter, Executive's performance compensation will be determined by the Compensation Committee of the Board of Directors in its sole discretion, but in consultation with Executive.

(iii) The annual bonus will be paid in a combination of cash and restricted stock, restricted stock units ("RSUs") or performance stock units ("PSUs") granted under the Equity Compensation Plan, not inconsistent with any of the specific terms of this Agreement relating to PSUs, as set forth on Exhibit A, between January 1 and March 15 of the year following the end of the performance period.

(c) 2015 Long-Term Incentive Stock Award. On or about February 15, 2016 but no later than March 15, 2016, the Company will grant Executive restricted stock or RSUs having a grant fair market value of \$347,000 that will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment with the Company (except as otherwise provided in Sections 5(a), 5(b) or 5(e)), and will be subject to the terms and conditions of the Equity Compensation Plan and the applicable award agreement (the "2015 Equity Award").

(d) Stock Ownership Requirements. All shares of the Company stock distributed to Executive by the Company will be subject to the stock ownership guidelines in effect for executives from time to time, as determined by the Board of Directors. Unless the stock ownership guidelines provide otherwise, vested shares of equity grants cannot be transferred or sold during Executive's employment by the Company until the value of Executive's stock holdings in the Company (including shares of restricted stock) exceeds three times Executive's Base Salary; and following the termination of Executive's employment with the Company, vested shares of equity

grants may not be sold or transferred to the extent the value of Executive's stock holdings does not exceed five times Executive's Base Salary as of the date of Executive's termination of employment (provided, however, that this sentence will no longer apply following the six-month anniversary of Executive's termination of employment). Notwithstanding the foregoing, the restrictions of this subsection (d) will not prevent Executive from selling or directing the withholding of shares of the Company stock in accordance with and subject to Section 20 to satisfy income tax and employment tax obligations relating to the vesting and settlement of the equity grants to which the shares relate.

4. Employee Benefit Programs and Fringe Benefits. During the Term of Employment, Executive will be entitled to five weeks of vacation per fiscal year and will be eligible to participate in all executive incentive and employee benefit programs of the Company now or hereafter made available to the Company's senior executives or salaried employees generally, as such programs may be in effect from time to time. The Company will reimburse Executive for any and all necessary, customary and usual business expenses incurred by Executive in connection with his employment in accordance with applicable the Company policies.

5. Termination of Employment.

(a) Termination Due to Death or Disability. If Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below. In addition (subject to compliance with the requirements of Section 5(i) and Section 7 in the event of Disability):

(i) Executive will receive any earned and unpaid Annual Bonus (as defined in Exhibit A) for the Performance Period (as defined in Exhibit A) immediately preceding Executive's date of termination if Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, and such termination occurs on or after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A;

(ii) In the event Executive's employment is terminated during the Term of Employment by reason of Executive's Disability, the Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(iii) Whether or not such termination of employment due to death or Disability occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive in connection with an Annual Bonus that vests solely on the basis of continued employment will vest in full;

(iv) For any termination due to death or Disability, whether or not such termination of employment occurs during the Term of Employment, the vesting of the 2015 Equity Award will be fully accelerated as of the date of such termination of employment and be settled within 60 days following the date of such termination; and

(v) Solely in the case of a termination of Executive's employment by reason of Executive's Disability, whether or not such termination of employment occurs during the Term of Employment, Executive's outstanding PSUs previously granted in connection with the TSR Bonus (as defined in Exhibit A) will

continue to be eligible to vest subject to the achievement by the Company of the applicable performance goals in accordance with the terms and conditions of the Plan and the applicable award agreement as though such termination of employment had not occurred.

(b) Termination By the Company Without Cause or By Executive for Good Reason Other Than Within 24 Months Following a Change in Control. In the event Executive's employment is terminated during the Term of Employment by the Company without Cause or by Executive for Good Reason (other than for death or Disability, as described in Section 5(a)) occurring other than within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

(i) Executive will be entitled to a cash amount (the "Severance Amount") equal to one times the sum of (1) his then current Base Salary and (2) the average of the Annual Bonuses (as defined in Exhibit A) paid to Executive by the Company for the three (or fewer) calendar years preceding such termination (the "Average Bonus"); provided that, in the case of a termination occurring prior to the payment of the 2015 Annual Bonuses, the Average Bonus will be deemed to equal \$1,504,000. The Severance Amount will be paid in 12 equal monthly installments commencing within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive as part of his Annual Bonus other than the PSUs granted in connection with the TSR Bonus will, to the extent not already vested, immediately vest;

(iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding PSUs previously granted in connection with the TSR Bonus will continue to be eligible to vest subject to the achievement by the Company of the applicable performance goals in accordance with the terms and conditions of the Plan and the applicable award agreement as though such termination of employment had not occurred;

(iv) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, the vesting of the 2015 Equity Award will be fully accelerated as of the date of such termination of employment;

(v) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 12 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(vi) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any earned and unpaid Annual Bonus for the Performance Period immediately preceding Executive's date of termination if Executive's termination date occurs after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A; and

(vii) Executive will receive a pro-rata portion of the ROAE Bonus and the Discretionary Bonus (as such terms are defined in Exhibit A) that Executive would have earned for the year of termination based on the Company's ROAE and other applicable performance metrics for such year, payable at the time such ROAE Bonus and Discretionary Bonus would have been paid to Executive for such year absent such termination but no later than March 15 of the immediately following year.

The parties agree that a termination of Executive's employment pursuant to this Section 5(b), Section 5(c) or Section 5(d) below will not be a breach of this Agreement and does not relieve either party of its/his other obligations hereunder.

(c) Termination by the Company for Cause or Voluntary Termination by Executive. In the event that at any time during the Term of Employment Executive's employment is terminated by the Company for Cause or by Executive other than for Good Reason, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f).

(d) Garden Leave. Executive will provide a Notice of Termination to the Company no less than 90 days prior to any termination of Executive's employment (whether for Good Reason or without Good Reason) during the Term of Employment, other than a termination during the period described in Section 5(e), and the Company will provide a Notice of Termination to Executive no less than 90 days prior to any termination of Executive's employment for Cause or without Cause during the Term of Employment, other than a termination during the period described in Section 5(e); provided that the Company may elect to terminate the Garden Leave (as defined below) and Executive's employment at any time during the Garden Leave if Executive is terminated for Cause. During this 90-day notice period (the "Garden Leave"), Executive will (i) continue to be an employee of the Company and will make himself available to provide such services directed by the Company that are reasonably consistent with Executive's status as a senior executive of the Company and (ii) continue to be paid his Base Salary and to be eligible to participate in the Company's benefits programs, but will not be eligible to earn any annual bonus with respect to a calendar year that ends after the commencement of the Garden Leave. During the Garden Leave, the Company may require Executive to resign from any position with the Company and/or remove any or all of Executive's duties or responsibilities, which will not constitute Good Reason or otherwise be a violation of this Agreement. Executive agrees that he will not commence employment with any entity during or in connection with the commencement of the Garden Leave. During the Garden Leave, Executive will take all steps reasonably requested by the Company to effect a successful transition of client and customer relationships to the person or persons designated by the Company. Notwithstanding the foregoing, the Company in its sole discretion may waive all or any portion of the 90-day notice requirement by providing written notice to Executive accelerating the last day of the Garden Leave period; provided that the Company's exercise of its right to waive all or any portion of the 90-day notice requirement and accelerate the last day of the Garden Leave period will not be treated as a termination of Executive's employment by the Company without Cause or as giving Executive any basis for terminating his employment for Good Reason.

(e) Termination Related to Change in Control. In the event of the termination of Executive's employment during the Term of Employment by the Company other than for Cause or Executive's resignation of his employment for Good Reason (other than for Disability, as described in Section 5(a)) within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

- (i) The Company will immediately pay to Executive in a lump sum, but in all events within 60 days following the date of termination, a cash payment equal to the Severance Amount;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, all of Executive's outstanding restricted stock, RSUs and stock options previously granted, including, without limitation, the 2015 Equity Award, will immediately vest in full, any dividend equivalents associated with any such equity award will continue to be payable according to the terms of the applicable grant agreement, any such RSUs will be settled within 60 days after the date of such termination of employment, and any such options will remain exercisable until the earlier of (a) 90 days following the date of such termination or (b) the date on which each such option would have expired had Executive's employment not terminated;

(iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, the portion of Executive's outstanding PSUs previously granted in connection with a TSR Bonus that, as provided in Exhibit A, became eligible to vest solely on the basis of continued employment following such Change in Control will vest and be settled within 60 days after the date of such termination of employment;

(iv) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(v) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any earned and unpaid Annual Bonus for the Performance Period immediately preceding Executive's date of termination if Executive's termination date occurs after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A; and

(vi) Executive will receive a pro-rata portion of the ROAE Bonus and the Discretionary Bonus (as such terms are defined in Exhibit A) that Executive would have earned for the year of termination based on the Company's ROAE and other applicable performance metrics for such year, payable at the time such ROAE Bonus and Discretionary Bonus would have been paid to Executive for such year absent such termination but no later than March 15 of the immediately following year.

(f) Other Payments. Upon the termination of Executive's employment during the Term of Employment, in addition to the amounts payable under any Section above, Executive will be entitled to receive the following:

- (i) any earned but unpaid portion of the Base Salary and accrued unused vacation;
- (ii) any vested deferred compensation (including any interest accrued on or appreciation in value of such deferred amounts) in accordance with the applicable plan documents;
- (iii) reimbursement for reasonable business expenses incurred but not yet reimbursed by the Company in accordance with the Company's expense reimbursement policy, as in effect from time to time; and
- (iv) any other benefits to which Executive or his legal representative may be entitled under all applicable plans and programs of the Company, as provided in Section 4 above.

(g) Payments Subject to Section 409A and Other Applicable Law.

(i) The Company and Executive intend that this Agreement will be interpreted and administered so that any amount or benefit payable hereunder will be paid or provided in a manner that is either exempt from or compliant with Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service guidance promulgated thereunder ("Section 409A").

(ii) Notwithstanding anything herein to the contrary, Executive will not be entitled to any payment pursuant to this Section 5 prior to the earliest date permitted under Section 409A of the Code, and applicable Treasury regulations thereunder. To the extent any payment pursuant to this Section 5 is required to be delayed six months pursuant to the special rules of Section 409A of the Code related to "specified employees," each affected payment will be delayed until six months after Executive's termination of employment, and, unless provided otherwise, with the first such payment being a lump sum equal to the aggregate payments Executive would have received during such six-month period if no payment delay had been imposed. Any payments or distributions delayed in accordance with the prior sentence will be paid to Executive on the first day of the seventh month following Executive's termination of employment or, if earlier, within ten days following the date of Executive's death.

(iii) Notwithstanding any other provision contained herein, to the extent any payments or distributions due to Executive upon termination of his employment under this Agreement are subject to Section 409A of the Code (i) a termination of Executive's employment will be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and the applicable Treasury regulations thereunder and (ii) all such payments will be treated as a series of separate payments for purposes of Section 409A of the Code.

(iv) If Executive is entitled to any reimbursement of expenses or in-kind benefits that are includable in Executive's federal gross taxable income, the amount of such expenses reimbursable or in-kind benefits provided in any one calendar year will not affect the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year. Executive's right to reimbursement of expenses or in-kind benefits under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) None of the Company, its affiliates or their respective directors, officers, employees or advisors will be held liable for any taxes, interest or other amounts owed by Executive as a result of the application of Section 409A or otherwise.

(h) No Mitigation; No Offset. In the event of any termination of Executive's employment under this Agreement, he will be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for in this Section 5, and there will be no offset against amounts due him under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

(i) Release. The Company's obligation to make any payment or provide any benefit pursuant to this Section 5 (other than pursuant to Sections 5(f) above) will be contingent upon, and is the consideration for, (A) Executive executing and delivering to the Company, within 45 days after termination of his employment, a general release (the "Release"), substantially in the form annexed hereto as Exhibit B, and (B) such release becoming irrevocable in accordance with its terms. In the event that the 45-day period referred to in the immediately preceding sentence spans two calendar years, any payments that, but for this sentence, would have been made hereunder during the first such calendar year will be delayed and paid to Executive on the first regular payroll date of the Company in such second calendar year, with any subsequent payments to be made as if no such delay had occurred.

(j) Parachute Payments.

(i) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it will be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company will reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide Executive with a greater net after-tax amount than would be the case if no such reduction was made. To the extent such Payments are required to be so reduced, the Payments due to Executive will be reduced in the following order, unless otherwise agreed and such agreement is in compliance with Section 409A of the Code: (i) Payments that are payable in cash, with amounts that are payable last reduced first; (ii) Payments due in respect of any equity or equity derivatives included at their full value under Section 280G (rather than their accelerated value); (iii) Payments due in respect of any equity or equity derivatives valued at accelerated value under Section 280G, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (iv) all other non-cash benefits. The Payments will be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which Executive would be subject with respect to the unreduced Payments).

(ii) The "Reduced Amount" will be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement or otherwise without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(iii) All determinations to be made under this Section 5(j) will be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to a change in control, which will provide its determinations and any supporting calculations both to the Company and Executive within ten days of the change in control. Any such determination by such firm will be binding upon the Company and Executive. All fees and expenses of the accounting or consulting firm in performing the determinations referred to in this Section 5(j) will be borne solely by the Company.

(k) Resignation from Positions. Upon termination of Executive's employment with the Company for any reason, Executive will be deemed to have resigned with immediate effect from any position he then holds as an officer, director or fiduciary of the Company or any Company-related entity. In furtherance of the foregoing, Executive will execute and deliver to the Company any letters, documents and other instruments necessary or appropriate to effect such resignation.

(l) For the avoidance of doubt, Executive will not be entitled to any payments or benefits under Section 5(e) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(b), and Executive will not be entitled to any payments or benefits under Section 5(b) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(e).

(m) Termination by the Company Without Cause After Expiration of the Term of Employment Following Delivery of Notice of Nonrenewal of the Term of Employment By the Company. If the Company provides Executive written notice of nonrenewal of the Term of Employment in accordance with Section 1(b) and the Company terminates Executive's employment without Cause after the last day of the Term of Employment, then, if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7, the Company will, in addition to providing the benefits set forth in Sections 5(b)(ii), (iii), (iv) and (vi), continue to pay Executive the Base Salary for a period of one year following his termination date in accordance with

the Company's regular payroll practices. Such Base Salary continuation payments will commence within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement.

6. Definitions. For purposes of this Agreement, the following terms will be defined as set forth below:

(a) "Cause" means Executive's (i) conviction, or entry of a guilty plea or a plea of nolo contendere with respect to, a felony, a crime of moral turpitude or any crime committed against the Company, other than traffic violations; (ii) engagement in willful misconduct, gross negligence, or fraud, embezzlement or misappropriation relating to significant amounts, in each case in connection with the performance of his duties under this Agreement; (iii) willful failure to adhere to the lawful directions of the Board of Directors that are reasonably consistent with his duties and position provided for herein; (iv) breach in any material respect of any of the provisions of Section 7 of this Agreement; (v) chronic or persistent substance abuse that materially and adversely affects his performance of his duties under this Agreement or (vi) breach in any material respect of the terms and provisions of this Agreement resulting in material and demonstrable economic injury to the Company. No act or omission to act by Executive will be "willful" if conducted in good faith or with a reasonable belief that such act or omission was in the best interests of the Company. Notwithstanding the foregoing, (a) Executive will be given written notice of any action or failure to act that is alleged to constitute Cause (a "Default"), and an opportunity for 20 business days from the date of such notice in which to cure such Default, such period to be subject to extension in the discretion of the Board of Directors and (b) regardless of whether Executive is able to cure any Default, Executive will not be deemed to have been terminated for Cause without (I) reasonable prior written notice to Executive setting forth the reasons for the decision to terminate Executive for Cause, (II) an opportunity for Executive, together with his counsel, to be heard by the Board of Directors and (III) delivery to Executive of a Notice of Termination approved by the Board of Directors, stating its good faith opinion that Executive has engaged in actions or conduct described in the preceding sentence, which notice specifies the particulars of such action or conduct in reasonable detail; provided, however, the Company may suspend Executive with pay until such time as his right to appear before the Board of Directors, as the case may be, has been exercised, so long as such appearance is within two weeks of the date of suspension.

(b) "Change in Control" means the occurrence of any one of the following events to the extent such event also constitutes a "change in control event" for purposes of Section 409A of the Code:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Company, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its affiliates) together with all affiliates and "associates" (as such term is defined in Rule 12b-2 under the Act) of such person, will become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board of Directors ("voting securities") (other than as a result of an acquisition of securities directly from the Company); or

(ii) persons who, as of the effective date of this Agreement, constitute the Company's Board of Directors (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board of Directors, provided that any person becoming a Director of the Company subsequent to the effective date whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors will, for purposes of this Agreement, be considered an Incumbent Director; or

(iii) there will occur (A) any consolidation or merger of the Company or any subsidiary where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the

Act), directly or indirectly, shares representing in the aggregate 60% or more of the voting securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company (other than to an entity 60% or more owned by the shareholders of the Company) or (C) any liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change in Control" will not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of Shares or other voting securities outstanding, increases the proportionate voting power represented by the voting securities beneficially owned by any person to 40% or more of the combined voting power of all then outstanding voting securities.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Disability" means Executive's inability for a period of six consecutive months, to render substantially the services provided for in this Agreement by reason of mental or physical disability, whether resulting from illness, accident or otherwise, other than by reason of chronic or persistent abuse of any substance (such as narcotics or alcohol), provided that a Disability for purposes of Section 5(a) will qualify as a Disability under Section 409A of the Code. Notwithstanding the foregoing, no circumstances or condition will constitute a Disability to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition will continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax. In addition, nothing herein will limit or restrict the payment of any amount subject to Section 409A of the Code upon an otherwise permitted payment event under Section 409A of the Code, including upon a separation from service.

(e) "Good Reason" means:

- (i) a material diminution in Executive's title, duties or responsibilities;
- (ii) relocation of Executive's place of employment without his consent outside the New York City metropolitan area or, following a Change in Control, outside of the Borough of Manhattan;
- (iii) the failure of the Company to pay within 30 business days any material payment or benefits due from the Company;
- (iv) the material failure by the Company to honor any of its material obligations to Executive.

For Good Reason to exist, Executive must provide written notice of an event purportedly constituting Good Reason within 90 days of its occurrence, the Company must have failed to cure such event within 30 days following such notice and Executive must provide written notice of his decision to terminate employment, such notice to be provided within 15 days following the expiration of such cure period. The effective date of such termination will be the end of the period of Garden Leave.

(f) "Notice of Termination" means the written notice of termination of Executive's employment delivered by, as applicable, Executive or the Company.

7. Covenants.

(a) Confidentiality Restrictions. Executive agrees at all times during the term of his employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company

(while employed by the Company), or to disclose to any person, firm or corporation without advance written authorization of the Board of Directors, except as necessary for Executive to discharge his duties hereunder, any Confidential Information of the Company. Executive understands and acknowledges that "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of the Company; marketing plans, projections, presentations or strategies of the Company; financial and budget information of the Company; personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations; information regarding the existence or terms of any agreement or relationship between the Company and any other party; and any other information of whatever nature, which gives to the Company an opportunity to obtain an advantage over its competitors who or which do not have access to such information. Executive understands and acknowledges that Confidential Information developed by him, during the term of his employment by the Company, will be subject to the terms and conditions of this Agreement as if the Company furnished the same Confidential Information to Executive in the first instance. Executive further understands and acknowledges that Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act of Executive or of others who were under confidentiality obligations as to the item or items involved. In the event that Executive is required by law to disclose any Confidential Information, Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.

(b) Former Employer Information. Executive agrees that he will not, during and in connection with his employment with the Company, use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that he will not bring into the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity. Executive also acknowledges that he is free from any conflicts from previous employment contracts or agreements with all previous employers, and he is available for employment by the Company with no legal encumbrances and agrees to hold the Company harmless from any lawsuits arising from his previous employment.

(c) Third Party Information. Executive recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out his work for the Company consistent with the Company's agreement with such third party.

(d) No Public Statements. Executive agrees that he will not, without the Company's prior written consent, discuss with the media (which includes any national or local newspaper, magazine, radio and/or television station) any matter related to the Company.

(e) Mutual Non-Disparagement. Executive acknowledges that any disparaging comments by him against the Company are likely to substantially depreciate the business reputation of the Company. Executive agrees to act in good faith so as not to harm the business reputation of the Company in any way. Executive further agrees that he will not directly or indirectly defame, disparage, or publicly criticize the services, business, integrity, veracity or reputation of the Company or its owners, officers, directors, or employees in any forum or through any medium of communication. The Company agrees that it will not, directly or indirectly, through its executive officers or directors, defame, disparage, or publicly criticize the integrity, veracity or reputation of Executive. Nothing in this Agreement will preclude Executive or the Company and its executive officers and directors from supplying truthful information to any governmental authority or in response to any lawful subpoena or other legal process.

(f) Restrictive Covenants.

(i) Conflicting Employment. Executive agrees that, during the term of his employment with the Company, he will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of his employment, nor will he engage in any other activities that would or may conflict with his obligations or responsibilities to the Company.

(ii) Returning Company Documents and Property. Executive agrees that, at the time of leaving the employ of the Company or at any other time at the Company's request, he will deliver to the Company (and will not keep in his possession, recreate or deliver to anyone else) any and all software, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, Confidential Information, other documents or property, or reproductions of any aforementioned items developed by him pursuant to his employment with the Company or otherwise belonging to the Company, its successors or assigns. To the extent Executive has retained any the Company property or Confidential Information on any electronic or computer equipment belonging to him or under his control, Executive agrees to so advise the Company and to follow the Company's instructions in permanently deleting all such property or Confidential Information and all copies, including without limitation allowing the Company access to such equipment for purposes of permanently deleting all such property or Confidential Information. In the event of the termination of Executive's employment for any reason, Executive agrees to sign and deliver the "Termination Certification" attached to the Company's Employee Handbook and provide such other written assurances of his compliance with this Agreement as may be requested by the Company.

(iii) Notification to New Employer. During Executive's employment and for a period of twelve (12) months immediately following the termination of his employment with the Company, Executive will advise the Company of any new employer of his, or any other person or entity for whom he may perform services, within three (3) days after accepting an offer to work for such employer or other person or entity. Executive hereby agrees to notify, and grant consent to notification by the Company to, any new employer, or other person or entity for whom he may perform services, of his obligations under this Agreement.

(iv) Solicitation of Employees. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly, for himself or for any other person or entity:

- (1) solicit, induce, recruit or encourage any of the Company's employees, consultants, independent contractors or any person who provides services to the Company to terminate or reduce their employment or other relationship with the Company,
- (2) hire any individual who is (or was within the six (6) months immediately preceding such hiring) an employee, exclusive consultant, or exclusive independent contractor of the Company, or
- (3) attempt to do any of the foregoing.

(v) Solicitation of Customers. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly (i) solicit, entice, or induce any Customer for the purpose of providing, or provide, products or services that are competitive with the products or services provided by the Company, or (ii) solicit, entice, or induce any Customer to terminate or reduce its business with (or refrain from increasing its business with) the Company. As used in this subsection (f)(v) of Section 7, "Customer" means any person or entity to which the Company provided products or services (or was invested in

products offered by the Company), and with which Executive had contact on behalf of the Company, within the last twelve (12) months of his employment with the Company.

(vi) Noncompetition. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly:

(1) have any ownership interest in, or participate in the financing, operation, management or control of, any Competitor; or

(2) engage in or perform services (whether as an employee, consultant, proprietor, partner, director or otherwise) for any Competitor, if such services either (i) are the same as or similar to (individually or in the aggregate) the services Executive performed for the Company during his employment with the Company, or (ii) are performed with respect to products or services of the Competitor that are competitive with the products or services provided by the Company with which Executive was involved during his employment with the Company or about which he received Confidential Information during his employment with the Company.

(vii) As used in subsection (f)(vi) of Section 7, "Competitor" means any mortgage REIT (i) any mortgage REIT, (ii) any entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities, or (iii) any entity that manages or advises (including any external advisor) either a mortgage REIT or an entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities. The scope of the covenant set forth in subsection (f)(vi) of Section 7 will be within or with respect to the United States and any other country in which the Company is engaged in business. Executive acknowledges that the Company's technology and products have worldwide application, including without limitation over the Internet and that such geographic scope is therefore reasonable. It is agreed that ownership of no more than 2% of the outstanding voting stock of a publicly traded corporation will not constitute a violation of subsection (f)(vi) of Section 7.

(viii) Corporate Opportunities. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, Executive will not use opportunities discovered in the course of his employment for his own personal gain or benefit. For example, if, in Executive's capacity as a the Company employee, Executive is approached about or otherwise become aware of a potential investment or other business transaction that may be appropriate for the Company, Executive will not take that opportunity for himself, or share or disclose it to any third party, but rather Executive will bring it to the attention of his manager or other appropriate the Company personnel.

(g) Cooperation with Respect to Litigation. During the Term of Employment and at all times thereafter, Executive agrees to give prompt written notice to the Company of any claim against the Company after becoming aware of such claim and (to the extent reasonably requested by the Company) to reasonably cooperate, in good faith and to the best of his ability, with the Company in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Company. Such cooperation will include all assistance that the Company, its counsel or representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that the Company will promptly reimburse Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this

Section 7(g) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Company, such cooperation will not materially interfere with Executive's then current employment.

(h) Remedies.

(i) Executive acknowledges and agrees that the restrictions set forth in this Agreement are critical and necessary to protect the Company's legitimate business interests; are reasonably drawn to this end with respect to duration, scope, and otherwise; are not unduly burdensome; are not injurious to the public interest; and are supported by adequate consideration. Executive agrees that it would be impossible or inadequate to measure and calculate the Company's damages from any breach of the restrictions set forth herein. Accordingly, Executive agrees that if he breaches or threatens to breach any of such restrictions, the Company will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and to specific performance of any such provision of this Agreement. Executive further agrees that no bond or other security will be required in obtaining such equitable relief and he hereby consents to the issuance of such injunction and to the ordering of specific performance. Executive further acknowledges and agrees that (i) any claim he may have against the Company, whether under this Agreement or otherwise, will not be a defense to enforcement of the restrictions set forth in this Agreement, (ii) the circumstances of his termination of employment with the Company will have no impact on his obligations under this Agreement, and (iii) this Agreement is enforceable by the Company, and its subsidiaries, affiliates, successors and assigns.

(ii) Executive, and the Company, agree and intend that Executive's obligations under this Agreement (to the extent not perpetual) be tolled during any period that Executive is in breach of any of the obligations under this Agreement, so that the Company is provided with the full benefit of the restrictive periods set forth herein.

(iii) Executive also agrees that, in addition to any other remedies available to the Company and notwithstanding any provision of this Agreement to the contrary, in the event Executive breaches in any material respect any of his obligations under this Section 7, the Company may immediately cease all payments under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, all equity-based awards granted under this Agreement may be immediately forfeited, and the Company may require that Executive repay any after-tax amounts previously paid to Executive under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, and any stock delivered or other amounts paid (each on an after-tax basis) with respect to any equity-based awards granted under this Agreement.

(iv) Executive and the Company further agree that, in the event that any provision of this Section 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision will be deemed to be modified to permit its enforcement to the maximum extent permitted by law. Executive further covenants that Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 7 and that Executive will reimburse the Company and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 7 if either the Company and/or its affiliates prevails on any material issue involved in such dispute or if Executive challenges the reasonableness or enforceability of any of the provisions of this Section 7, it being understood that Executive will not be considered to have challenged the enforceability of this Section 7 by arguing that his conduct did not, in fact, violate the terms of this Section 7. It is also agreed that each of the Company's affiliates will have the right to enforce all of Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 7.

8. Indemnification. The Company will indemnify Executive to the fullest extent permitted by Maryland law as amended from time to time in connection with Executive's duties with the Company, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties,

ERISA excise taxes and amounts paid in settlement) actually and reasonably incurred by Executive in connection with an action, suit or proceeding. Expenses incurred by Executive if Executive is a party to a proceeding to which this Section may be applicable will be paid or reimbursed by the Company in advance of the final disposition of the proceeding upon receipt by the Company of (i) a written affirmation of Executive's good faith belief that Executive is entitled to indemnification by the Company pursuant to this Section with respect to such expenses and proceeding, and (ii) a written undertaking by Executive, or on Executive's behalf, to and in favor of the Company, wherein Executive agrees to repay the amount if Executive is determined not to have been entitled to indemnification under this Section. While Executive is an officer of the Company, and for six years thereafter, the Company (or any successor thereto) will provide comprehensive coverage under its officers and directors insurance policy (or policies) on substantially the same terms and levels that it provides to its senior executive officers, at the Company's sole cost.

9. Clawback Policy. Executive agrees that all bonuses, equity compensation and other incentive compensation provided by the Company will be subject to any applicable clawback policy implemented by the Board of Directors from time to time.

10. Inventions

(i) Inventions Retained and Licensed. Executive has attached hereto, as Exhibit C, a list describing all inventions, original works of authorship, developments, improvements and trade secrets which were made by Executive prior to his employment with the Company (collectively referred to as "Prior Inventions"), which relate to the Company's proposed business, products or research and development and which are not assigned to the Company hereunder. If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands and acknowledges that he is not to list such Prior Inventions in Exhibit B but will only disclose a cursory name for each such invention and the fact that full disclosure as to such inventions has not been made for that reason. In Exhibit C, Executive has also indicated which Prior Inventions were made in connection with his employment with Annaly Capital Management Inc. Annaly Capital Management Inc. hereby consents to Executive's disclosure and use of such Prior Inventions for purposes of his employment with the Company. If there are no such Prior Inventions indicated on Exhibit C, Executive represents that there are no such Prior Inventions. If in the course of Executive's employment with the Company, Executive incorporates into any the Company product, service or process a Prior Invention, the Company is hereby granted and will have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(ii) Assignment of Inventions. Executive acknowledges that, during the term of his employment by the Company, Executive may be expected to undertake creative work, either alone or jointly with others, which may lead to inventions, ideas, original works of authorship, developments, concepts, improvements, trade secrets or other intellectual property rights, in each case, whether or not patentable or registrable under patent, copyright or similar laws and including, in each case, tangible embodiment of any of the foregoing ("Inventions"). Executive hereby agrees that all Inventions created during the term of his employment and that is related to the actual or prospective business of the Company or result from work performed by Executive for the Company (whether or not on the Company's premises or using the Company's equipment and materials or during regular business hours) ("Company Inventions") will be a work-for-hire and will be the sole and exclusive property of the Company and, to the extent such Company Inventions are not a work-for-hire, Executive hereby assigns to the Company Investment Corporation all of his right, title and interest in and to any and all such Company Inventions. In addition, any Inventions created within three years after the termination of Executive's employment by the Company which are based upon or derived from Confidential Information or Company Inventions will be the sole and exclusive property of the Company and Executive hereby assigns to the Company all of his right, title and interest in and to any and all such Company Inventions. Nothing in the preceding sentence will be construed to limit Executive's obligations under Section 10 of this Agreement.

(iii) Maintenance of Records. Executive agrees to keep and maintain adequate and current written records of all Company Inventions made by Executive (solely or jointly with others) during the term of

Executive's employment with the Company. The records will be in the form of notes, sketches, drawings and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

(iv) Further Assistance. Executive agrees to assist the Company, or its designee, at the Company's or its designee's expense, in every proper way to secure Company's rights, or its designee's rights, in the Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company, or its designee, of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company, or its designee, will deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive rights, title and interest in and to such Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Executive further agrees that his obligation to execute or cause to be executed, when it is in his power to do so, any such instrument or papers will continue after the termination of this Agreement. If the Company, or its designee, is unable because of Executive's mental or physical incapacity or for any other reason to secure Executive's signature to apply for or to pursue any application for any United States or foreign patents, copyright registrations or other registrations covering Company Inventions, then Executive hereby irrevocably designates and appoints the Company, or its designee, and its duly authorized officers and agents as his agent and attorney in fact, to act for and in his behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by him. Executive understands and acknowledges that this appointment is coupled with an interest and survives his death or incompetence.

(v) Moral Rights. To the extent not assignable, Executive hereby waives, to the extent permitted by applicable law, any and all claims he may now or hereafter have in any jurisdiction to all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as "moral rights" with respect to all Company Inventions.

(vi) No License. Executive understands and acknowledges that this Agreement does not, and will not be construed to grant him any license or right of any nature with respect to any Company Inventions or Confidential Information.

(vii) Application. Executive agrees that the provisions of subsections (i) of this Section 10 will apply with respect to any and all Inventions, whether created during services to the Company or any predecessor entity, or during any pre-organization period. Executive acknowledges that the Company and its future investors will rely on this representation.

11. Assignability; Binding Nature. This Agreement will inure to the benefit of the Company and Executive and their respective successors, heirs (in the case of Executive) and assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that any such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. This Agreement will not be assignable by Executive; provided however that, in the event of Executive's death or a judicial determination of his incapacity, references to Executive in this Agreement will be deemed, as appropriate, to be references to his heirs, executor(s) or other legal representative(s).

12. Representation. The Company and Executive each represent and warrant that it or he is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its or his obligations under this Agreement will not violate any agreement between to which it or he is a party.

13. Entire Agreement; Inconsistency. This Agreement contains the entire agreement between the Company and Executive concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between them with respect thereto. In the event of any inconsistency between this Agreement and any other plan, program, practice or agreement in which Executive is a participant or a party, whether applicable on the date of this Agreement or at any time thereafter, this Agreement will control unless, with Executive's prior written consent, such other plan, program, practice or agreement specifically refers to this Agreement as not so controlling.

14. Amendment or Waiver. This Agreement can only be changed, modified or amended in a writing that is signed by both Executive and the Company and that specifically identifies the provision(s) of this Agreement that are being changed, modified or amended. No waiver by either the Company or Executive at any time of any breach by the other party of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar condition or provision at the same or at any prior or subsequent time. Any waiver must be in writing and signed by Executive or the Board of Directors, as the case may be.

15. Severability. In the event that any provision or portion of this Agreement will be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

16. Reasonableness. To the extent that any provision or portion of this Agreement is determined to be unenforceable by a court of law or equity, that provision or portion of this Agreement will nevertheless be enforceable to the extent that such court determines is reasonable.

17. Survivorship. The respective rights and obligations of the parties hereunder will survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. For the avoidance of doubt, the covenants in Section 7 and the indemnification and insurance provisions of Section 8 of this Agreement will survive any termination or expiration of this Agreement and termination of Executive's employment for any reason.

18. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto will be governed by and construed in accordance with the laws of the State of New York (without regard to its choice of law provisions), other than rights and obligations (and related claims and disputes) pursuant to Section 8 (Indemnification) which will be governed by Maryland law. Each of the parties agrees that any dispute between the parties will be resolved only in the courts of the State of New York or the United States District Court for the Southern District of New York and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits for himself or itself in any proceeding relating to this Agreement or Executive's employment by the Company or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of New York, the court of the United States of America for the Southern District of New York, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding will be heard and determined in such New York State court or, to the extent permitted by law, in such federal court; (b) consents that any such Proceeding may and will be brought in such courts and waives any objection that he or it may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or Executive's employment by the Company or any affiliate, or his or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at his or its address as provided in accordance with Section 19; and (e) agrees that nothing in this Agreement will affect the right to effect service of process in any other manner permitted by the laws of the State of New York.

19. Notices. Any notice given to either party will be in writing and will be deemed to have been given when delivered personally, by reputable overnight courier, or when received if sent by certified mail, postage prepaid, return receipt requested, duly addressed to the party concerned, if to the Company, at its principal executive office, and if to Executive, at the address of Executive shown on the Company's records or at such other address as such party may give notice of.

20. Withholding. The Company will be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company determines in its sole discretion to be required to be withheld pursuant to applicable law. The Company will use commercially reasonable efforts to establish a relationship with a broker-dealer to facilitate the sale of shares acquired on the vesting or exercise of any equity or equity-based compensation granted to Executive by the Company to enable Executive to satisfy all applicable withholding taxes due in connection with such vesting or exercise; provided that if the Company does not establish any such relationship, Executive may satisfy such withholding obligations by instructing the Company to retain shares otherwise deliverable to Executive upon the vesting or exercise of any such equity or equity-based award with a fair market value not exceeding the minimum amount required to be withheld by applicable law.

21. Headings. The headings of the Sections contained in this Agreement are for convenience only and will not be deemed to control or affect the meaning or construction of any provision of this Agreement.

22. Counterparts. This Agreement may be executed in two or more counterparts. Signatures delivered by facsimile (including by "pdf") will be deemed effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Chimera Investment Corporation

By: /s/ Gerard Creagh
Name: Gerard Creagh
Title: Member of the Compensation Committee

By: /s/ Mohit Marria
Name: Mohit Marria
Title: Chief Investment Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") by and between Chimera Investment Corporation (the "Company") and Robert Colligan ("Executive") is effective as of August 5, 2015 (the "Effective Date"), subject to and contingent upon the execution and effectiveness of that certain Transition Services Agreement by and between Annaly Management Company LLC ("Annaly") and the Company (the "TSA"), dated on or about the date hereof, and this Agreement will be null and void *ab initio* if the TSA is not executed by the Company and Annaly.

WITNESSETH:

WHEREAS, Executive wishes to be employed by the Company, and the Company wishes to secure the employment of Executive, under the terms and conditions described below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the parties hereto agree as follows:

1. Term of Employment.

(a) The Company hereby employs Executive, and Executive hereby accepts employment with the Company, in the positions and with the duties and responsibilities as set forth in Section 2 below for the Term of Employment (as defined below), subject to the terms and conditions of this Agreement.

(b) The term of employment under this Agreement will commence on the Effective Date and continue until December 31, 2018 (the "Initial Term"), and, prior to a Change in Control only, will be extended for an additional one year period (the "Renewal Term") on the last day of the Initial Term and on each subsequent anniversary thereof, unless either party provides written notice of nonrenewal to the other party not less than 90 days prior to the last day of the Initial Term or any Renewal Term (the Initial Term together with each Renewal Term, the "Term of Employment"); provided that, upon the consummation of a Change in Control, the Term of Employment will be extended to the second anniversary of such Change in Control; provided, further, that if the last day of the Term of Employment otherwise would occur during a Garden Leave period, the Term of Employment will continue through the end of such Garden Leave. The Term of Employment may also be terminated in accordance with Section 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, Executive will be employed as the Chief Financial Officer of the Company, reporting directly to the Chief Executive Officer of the Company. Executive will (i) be responsible for, and, along with the Company's Chief Executive Officer, have authority over, the Company's financial functions, and (ii) have such other duties and responsibilities as are assigned to him by the Company's Chief Executive Officer or the Board of Directors of the Company (the "Board of Directors") (not inconsistent in any significant respect with the duties and responsibilities typically assigned to the chief financial officer of a publicly-traded REIT).

(b) During the Term of Employment, Executive will, without additional compensation, also serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for, or on behalf of, such subsidiaries or affiliates of the Company as the Board of Directors may, from time to time, request. For purposes of this Agreement, the term "affiliate" will have the meaning ascribed thereto in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Act").

(c) During the Term of Employment, Executive will serve the Company faithfully, diligently and to the best of his ability and will devote substantially all of his time and efforts to his employment and the

performance of his duties under this Agreement. Nothing herein will preclude Executive from engaging in charitable and community affairs and managing his personal, financial and legal affairs, so long as such activities do not materially interfere with his carrying out his duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, Executive will be entitled to receive an annualized base salary (the "Base Salary") of not less than \$400,000; provided that the Base Salary through December 31, 2015 will be \$300,000. Beginning in 2017, the Compensation Committee of the Board of Directors (the "Compensation Committee") will review Executive's Base Salary annually to determine whether increases are appropriate. Any such increased amount will thereafter be Executive's "Base Salary" for purposes under this Agreement.

(b) Performance Bonus.

(i) For the calendar year ending December 31, 2015, Executive will be paid a guaranteed bonus in the amount of \$928,000 (the "2015 Guaranteed Annual Bonus") and be eligible for an additional discretionary bonus in the amount of \$413,000 (the "2015 Discretionary Annual Bonus" and, with the 2015 Guaranteed Annual Bonus, the "2015 Annual Bonuses"). The 2015 Annual Bonuses will be paid 75% in cash and 25% in the form of restricted stock or restricted stock units ("RSUs"). The restricted stock or RSUs will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment with the Company (except as otherwise provided in Sections 5(a), 5(b) or 5(e)). The restricted stock will be subject to the terms of the applicable award agreement and the Company's equity compensation plan (the "Equity Compensation Plan"). Executive must be employed on December 31, 2015 to receive the 2015 Annual Bonuses. The 2015 Annual Bonuses will be paid, and restricted stock or RSUs issued, as applicable, between January 1, 2016 and March 15, 2016.

(ii) Commencing on January 1, 2016 and during the Term of Employment until December 31, 2018, Executive will be eligible to receive an annual bonus according to the terms set forth on the attached Exhibit A. The Compensation Committee will make all determinations with respect to the annual bonus in good faith and consistent with the attached Exhibit A. Thereafter, Executive's performance compensation will be determined by the Compensation Committee of the Board of Directors in its sole discretion, but in consultation with Executive.

(iii) The annual bonus will be paid in a combination of cash and restricted stock, restricted stock units ("RSUs") or performance stock units ("PSUs") granted under the Equity Compensation Plan, not inconsistent with any of the specific terms of this Agreement relating to PSUs, as set forth on Exhibit A, between January 1 and March 15 of the year following the end of the performance period.

(c) 2015 Long-Term Incentive Stock Award. On or about February 15, 2016 but no later than March 15, 2016, the Company will grant Executive restricted stock or RSUs having a grant fair market value of \$309,000 that will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment with the Company (except as otherwise provided in Sections 5(a), 5(b) or 5(e)), and will be subject to the terms and conditions of the Equity Compensation Plan and the applicable award agreement (the "2015 Equity Award").

(d) Stock Ownership Requirements. All shares of the Company stock distributed to Executive by the Company will be subject to the stock ownership guidelines in effect for executives from time to time, as determined by the Board of Directors. Unless the stock ownership guidelines provide otherwise, vested shares of equity grants cannot be transferred or sold during Executive's employment by the Company until the value of Executive's stock holdings in the Company (including shares of restricted stock) exceeds three times Executive's Base Salary; and following the termination of Executive's employment with the Company, vested shares of equity

grants may not be sold or transferred to the extent the value of Executive's stock holdings does not exceed five times Executive's Base Salary as of the date of Executive's termination of employment (provided, however, that this sentence will no longer apply following the six-month anniversary of Executive's termination of employment). Notwithstanding the foregoing, the restrictions of this subsection (d) will not prevent Executive from selling or directing the withholding of shares of the Company stock in accordance with and subject to Section 20 to satisfy income tax and employment tax obligations relating to the vesting and settlement of the equity grants to which the shares relate.

4. Employee Benefit Programs and Fringe Benefits. During the Term of Employment, Executive will be entitled to five weeks of vacation per fiscal year and will be eligible to participate in all executive incentive and employee benefit programs of the Company now or hereafter made available to the Company's senior executives or salaried employees generally, as such programs may be in effect from time to time. The Company will reimburse Executive for any and all necessary, customary and usual business expenses incurred by Executive in connection with his employment in accordance with applicable the Company policies.

5. Termination of Employment.

(a) Termination Due to Death or Disability. If Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below. In addition (subject to compliance with the requirements of Section 5(i) and Section 7 in the event of Disability):

(i) Executive will receive any earned and unpaid Annual Bonus (as defined in Exhibit A) for the Performance Period (as defined in Exhibit A) immediately preceding Executive's date of termination if Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, and such termination occurs on or after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A;

(ii) In the event Executive's employment is terminated during the Term of Employment by reason of Executive's Disability, the Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(iii) Whether or not such termination of employment due to death or Disability occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive in connection with an Annual Bonus that vests solely on the basis of continued employment will vest in full;

(iv) For any termination due to death or Disability, whether or not such termination of employment occurs during the Term of Employment, the vesting of the 2015 Equity Award will be fully accelerated as of the date of such termination of employment and be settled within 60 days following the date of such termination; and

(v) Solely in the case of a termination of Executive's employment by reason of Executive's Disability, whether or not such termination of employment occurs during the Term of Employment, Executive's outstanding PSUs previously granted in connection with the TSR Bonus (as defined in Exhibit A) will

continue to be eligible to vest subject to the achievement by the Company of the applicable performance goals in accordance with the terms and conditions of the Plan and the applicable award agreement as though such termination of employment had not occurred.

(b) Termination By the Company Without Cause or By Executive for Good Reason Other Than Within 24 Months Following a Change in Control. In the event Executive's employment is terminated during the Term of Employment by the Company without Cause or by Executive for Good Reason (other than for death or Disability, as described in Section 5(a)) occurring other than within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

(i) Executive will be entitled to a cash amount (the "Severance Amount") equal to one times the sum of (1) his then current Base Salary and (2) the average of the Annual Bonuses (as defined in Exhibit A) paid to Executive by the Company for the three (or fewer) calendar years preceding such termination (the "Average Bonus"); provided that, in the case of a termination occurring prior to the payment of the 2015 Annual Bonuses, the Average Bonus will be deemed to equal \$1,341,000. The Severance Amount will be paid in 12 equal monthly installments commencing within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive as part of his Annual Bonus other than the PSUs granted in connection with the TSR Bonus will, to the extent not already vested, immediately vest;

(iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding PSUs previously granted in connection with the TSR Bonus will continue to be eligible to vest subject to the achievement by the Company of the applicable performance goals in accordance with the terms and conditions of the Plan and the applicable award agreement as though such termination of employment had not occurred;

(iv) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, the vesting of the 2015 Equity Award will be fully accelerated as of the date of such termination of employment;

(v) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 12 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(vi) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any earned and unpaid Annual Bonus for the Performance Period immediately preceding Executive's date of termination if Executive's termination date occurs after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A; and

(vii) Executive will receive a pro-rata portion of the ROAE Bonus and the Discretionary Bonus (as such terms are defined in Exhibit A) that Executive would have earned for the year of termination based on the Company's ROAE and other applicable performance metrics for such year, payable at the time such ROAE Bonus and Discretionary Bonus would have been paid to Executive for such year absent such termination but no later than March 15 of the immediately following year.

The parties agree that a termination of Executive's employment pursuant to this Section 5(b), Section 5(c) or Section 5(d) below will not be a breach of this Agreement and does not relieve either party of its/his other obligations hereunder.

(c) Termination by the Company for Cause or Voluntary Termination by Executive. In the event that at any time during the Term of Employment Executive's employment is terminated by the Company for Cause or by Executive other than for Good Reason, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f).

(d) Garden Leave. Executive will provide a Notice of Termination to the Company no less than 90 days prior to any termination of Executive's employment (whether for Good Reason or without Good Reason) during the Term of Employment, other than a termination during the period described in Section 5(e), and the Company will provide a Notice of Termination to Executive no less than 90 days prior to any termination of Executive's employment for Cause or without Cause during the Term of Employment, other than a termination during the period described in Section 5(e); provided that the Company may elect to terminate the Garden Leave (as defined below) and Executive's employment at any time during the Garden Leave if Executive is terminated for Cause. During this 90-day notice period (the "Garden Leave"), Executive will (i) continue to be an employee of the Company and will make himself available to provide such services directed by the Company that are reasonably consistent with Executive's status as a senior executive of the Company and (ii) continue to be paid his Base Salary and to be eligible to participate in the Company's benefits programs, but will not be eligible to earn any annual bonus with respect to a calendar year that ends after the commencement of the Garden Leave. During the Garden Leave, the Company may require Executive to resign from any position with the Company and/or remove any or all of Executive's duties or responsibilities, which will not constitute Good Reason or otherwise be a violation of this Agreement. Executive agrees that he will not commence employment with any entity during or in connection with the commencement of the Garden Leave. During the Garden Leave, Executive will take all steps reasonably requested by the Company to effect a successful transition of client and customer relationships to the person or persons designated by the Company. Notwithstanding the foregoing, the Company in its sole discretion may waive all or any portion of the 90-day notice requirement by providing written notice to Executive accelerating the last day of the Garden Leave period; provided that the Company's exercise of its right to waive all or any portion of the 90-day notice requirement and accelerate the last day of the Garden Leave period will not be treated as a termination of Executive's employment by the Company without Cause or as giving Executive any basis for terminating his employment for Good Reason.

(e) Termination Related to Change in Control. In the event of the termination of Executive's employment during the Term of Employment by the Company other than for Cause or Executive's resignation of his employment for Good Reason (other than for Disability, as described in Section 5(a)) within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

- (i) The Company will immediately pay to Executive in a lump sum, but in all events within 60 days following the date of termination, a cash payment equal to the Severance Amount;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, all of Executive's outstanding restricted stock, RSUs and stock options previously granted, including, without limitation, the 2015 Equity Award, will immediately vest in full, any dividend equivalents associated with any such equity award will continue to be payable according to the terms of the applicable grant agreement, any such RSUs will be settled within 60 days after the date of such termination of employment, and any such options will remain exercisable until the earlier of (a) 90 days following the date of such termination or (b) the date on which each such option would have expired had Executive's employment not terminated;

(iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, the portion of Executive's outstanding PSUs previously granted in connection with a TSR Bonus that, as provided in Exhibit A, became eligible to vest solely on the basis of continued employment following such Change in Control will vest and be settled within 60 days after the date of such termination of employment;

(iv) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(v) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any earned and unpaid Annual Bonus for the Performance Period immediately preceding Executive's date of termination if Executive's termination date occurs after December 31 of the calendar year in which the Performance Period ends, as described on Exhibit A; and

(vi) Executive will receive a pro-rata portion of the ROAE Bonus and the Discretionary Bonus (as such terms are defined in Exhibit A) that Executive would have earned for the year of termination based on the Company's ROAE and other applicable performance metrics for such year, payable at the time such ROAE Bonus and Discretionary Bonus would have been paid to Executive for such year absent such termination but no later than March 15 of the immediately following year.

(f) Other Payments. Upon the termination of Executive's employment during the Term of Employment, in addition to the amounts payable under any Section above, Executive will be entitled to receive the following:

- (i) any earned but unpaid portion of the Base Salary and accrued unused vacation;
- (ii) any vested deferred compensation (including any interest accrued on or appreciation in value of such deferred amounts) in accordance with the applicable plan documents;
- (iii) reimbursement for reasonable business expenses incurred but not yet reimbursed by the Company in accordance with the Company's expense reimbursement policy, as in effect from time to time; and
- (iv) any other benefits to which Executive or his legal representative may be entitled under all applicable plans and programs of the Company, as provided in Section 4 above.

(g) Payments Subject to Section 409A and Other Applicable Law.

(i) The Company and Executive intend that this Agreement will be interpreted and administered so that any amount or benefit payable hereunder will be paid or provided in a manner that is either exempt from or compliant with Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service guidance promulgated thereunder ("Section 409A").

(ii) Notwithstanding anything herein to the contrary, Executive will not be entitled to any payment pursuant to this Section 5 prior to the earliest date permitted under Section 409A of the Code, and applicable Treasury regulations thereunder. To the extent any payment pursuant to this Section 5 is required to be delayed six months pursuant to the special rules of Section 409A of the Code related to "specified employees," each affected payment will be delayed until six months after Executive's termination of employment, and, unless provided otherwise, with the first such payment being a lump sum equal to the aggregate payments Executive would have received during such six-month period if no payment delay had been imposed. Any payments or distributions delayed in accordance with the prior sentence will be paid to Executive on the first day of the seventh month following Executive's termination of employment or, if earlier, within ten days following the date of Executive's death.

(iii) Notwithstanding any other provision contained herein, to the extent any payments or distributions due to Executive upon termination of his employment under this Agreement are subject to Section 409A of the Code (i) a termination of Executive's employment will be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and the applicable Treasury regulations thereunder and (ii) all such payments will be treated as a series of separate payments for purposes of Section 409A of the Code.

(iv) If Executive is entitled to any reimbursement of expenses or in-kind benefits that are includable in Executive's federal gross taxable income, the amount of such expenses reimbursable or in-kind benefits provided in any one calendar year will not affect the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year. Executive's right to reimbursement of expenses or in-kind benefits under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) None of the Company, its affiliates or their respective directors, officers, employees or advisors will be held liable for any taxes, interest or other amounts owed by Executive as a result of the application of Section 409A or otherwise.

(h) No Mitigation; No Offset. In the event of any termination of Executive's employment under this Agreement, he will be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for in this Section 5, and there will be no offset against amounts due him under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

(i) Release. The Company's obligation to make any payment or provide any benefit pursuant to this Section 5 (other than pursuant to Sections 5(f) above) will be contingent upon, and is the consideration for, (A) Executive executing and delivering to the Company, within 45 days after termination of his employment, a general release (the "Release"), substantially in the form annexed hereto as Exhibit B, and (B) such release becoming irrevocable in accordance with its terms. In the event that the 45-day period referred to in the immediately preceding sentence spans two calendar years, any payments that, but for this sentence, would have been made hereunder during the first such calendar year will be delayed and paid to Executive on the first regular payroll date of the Company in such second calendar year, with any subsequent payments to be made as if no such delay had occurred.

(j) Parachute Payments.

(i) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it will be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company will reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide Executive with a greater net after-tax amount than would be the case if no such reduction was made. To the extent such Payments are required to be so reduced, the Payments due to Executive will be reduced in the following order, unless otherwise agreed and such agreement is in compliance with Section 409A of the Code: (i) Payments that are payable in cash, with amounts that are payable last reduced first; (ii) Payments due in respect of any equity or equity derivatives included at their full value under Section 280G (rather than their accelerated value); (iii) Payments due in respect of any equity or equity derivatives valued at accelerated value under Section 280G, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (iv) all other non-cash benefits. The Payments will be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which Executive would be subject with respect to the unreduced Payments).

(ii) The "Reduced Amount" will be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement or otherwise without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(iii) All determinations to be made under this Section 5(j) will be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to a change in control, which will provide its determinations and any supporting calculations both to the Company and Executive within ten days of the change in control. Any such determination by such firm will be binding upon the Company and Executive. All fees and expenses of the accounting or consulting firm in performing the determinations referred to in this Section 5(j) will be borne solely by the Company.

(k) Resignation from Positions. Upon termination of Executive's employment with the Company for any reason, Executive will be deemed to have resigned with immediate effect from any position he then holds as an officer, director or fiduciary of the Company or any Company-related entity. In furtherance of the foregoing, Executive will execute and deliver to the Company any letters, documents and other instruments necessary or appropriate to effect such resignation.

(l) For the avoidance of doubt, Executive will not be entitled to any payments or benefits under Section 5(e) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(b), and Executive will not be entitled to any payments or benefits under Section 5(b) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(e).

(m) Termination by the Company Without Cause After Expiration of the Term of Employment Following Delivery of Notice of Nonrenewal of the Term of Employment By the Company. If the Company provides Executive written notice of nonrenewal of the Term of Employment in accordance with Section 1(b) and the Company terminates Executive's employment without Cause after the last day of the Term of Employment, then, if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7, the Company will, in addition to providing the benefits set forth in Sections 5(b)(ii), (iii), (iv) and (vi), continue to pay Executive the Base Salary for a period of one year following his termination date in accordance with

the Company's regular payroll practices. Such Base Salary continuation payments will commence within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement.

6. Definitions. For purposes of this Agreement, the following terms will be defined as set forth below:

(a) "Cause" means Executive's (i) conviction, or entry of a guilty plea or a plea of nolo contendere with respect to, a felony, a crime of moral turpitude or any crime committed against the Company, other than traffic violations; (ii) engagement in willful misconduct, gross negligence, or fraud, embezzlement or misappropriation relating to significant amounts, in each case in connection with the performance of his duties under this Agreement; (iii) willful failure to adhere to the lawful directions of the Board of Directors that are reasonably consistent with his duties and position provided for herein; (iv) breach in any material respect of any of the provisions of Section 7 of this Agreement; (v) chronic or persistent substance abuse that materially and adversely affects his performance of his duties under this Agreement or (vi) breach in any material respect of the terms and provisions of this Agreement resulting in material and demonstrable economic injury to the Company. No act or omission to act by Executive will be "willful" if conducted in good faith or with a reasonable belief that such act or omission was in the best interests of the Company. Notwithstanding the foregoing, (a) Executive will be given written notice of any action or failure to act that is alleged to constitute Cause (a "Default"), and an opportunity for 20 business days from the date of such notice in which to cure such Default, such period to be subject to extension in the discretion of the Board of Directors and (b) regardless of whether Executive is able to cure any Default, Executive will not be deemed to have been terminated for Cause without (I) reasonable prior written notice to Executive setting forth the reasons for the decision to terminate Executive for Cause, (II) an opportunity for Executive, together with his counsel, to be heard by the Board of Directors and (III) delivery to Executive of a Notice of Termination approved by the Board of Directors, stating its good faith opinion that Executive has engaged in actions or conduct described in the preceding sentence, which notice specifies the particulars of such action or conduct in reasonable detail; provided, however, the Company may suspend Executive with pay until such time as his right to appear before the Board of Directors, as the case may be, has been exercised, so long as such appearance is within two weeks of the date of suspension.

(b) "Change in Control" means the occurrence of any one of the following events to the extent such event also constitutes a "change in control event" for purposes of Section 409A of the Code:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Company, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its affiliates) together with all affiliates and "associates" (as such term is defined in Rule 12b-2 under the Act) of such person, will become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board of Directors ("voting securities") (other than as a result of an acquisition of securities directly from the Company); or

(ii) persons who, as of the effective date of this Agreement, constitute the Company's Board of Directors (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board of Directors, provided that any person becoming a Director of the Company subsequent to the effective date whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors will, for purposes of this Agreement, be considered an Incumbent Director; or

(iii) there will occur (A) any consolidation or merger of the Company or any subsidiary where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the

Act), directly or indirectly, shares representing in the aggregate 60% or more of the voting securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company (other than to an entity 60% or more owned by the shareholders of the Company) or (C) any liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change in Control" will not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of Shares or other voting securities outstanding, increases the proportionate voting power represented by the voting securities beneficially owned by any person to 40% or more of the combined voting power of all then outstanding voting securities.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Disability" means Executive's inability for a period of six consecutive months, to render substantially the services provided for in this Agreement by reason of mental or physical disability, whether resulting from illness, accident or otherwise, other than by reason of chronic or persistent abuse of any substance (such as narcotics or alcohol), provided that a Disability for purposes of Section 5(a) will qualify as a Disability under Section 409A of the Code. Notwithstanding the foregoing, no circumstances or condition will constitute a Disability to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition will continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax. In addition, nothing herein will limit or restrict the payment of any amount subject to Section 409A of the Code upon an otherwise permitted payment event under Section 409A of the Code, including upon a separation from service.

(e) "Good Reason" means:

- (i) a material diminution in Executive's title, duties or responsibilities;
- (ii) relocation of Executive's place of employment without his consent outside the New York City metropolitan area or, following a Change in Control, outside of the Borough of Manhattan;
- (iii) the failure of the Company to pay within 30 business days any material payment or benefits due from the Company;
- (iv) the material failure by the Company to honor any of its material obligations to Executive.

For Good Reason to exist, Executive must provide written notice of an event purportedly constituting Good Reason within 90 days of its occurrence, the Company must have failed to cure such event within 30 days following such notice and Executive must provide written notice of his decision to terminate employment, such notice to be provided within 15 days following the expiration of such cure period. The effective date of such termination will be the end of the period of Garden Leave.

(f) "Notice of Termination" means the written notice of termination of Executive's employment delivered by, as applicable, Executive or the Company.

7. Covenants.

(a) Confidentiality Restrictions. Executive agrees at all times during the term of his employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company

(while employed by the Company), or to disclose to any person, firm or corporation without advance written authorization of the Board of Directors, except as necessary for Executive to discharge his duties hereunder, any Confidential Information of the Company. Executive understands and acknowledges that "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of the Company; marketing plans, projections, presentations or strategies of the Company; financial and budget information of the Company; personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations; information regarding the existence or terms of any agreement or relationship between the Company and any other party; and any other information of whatever nature, which gives to the Company an opportunity to obtain an advantage over its competitors who or which do not have access to such information. Executive understands and acknowledges that Confidential Information developed by him, during the term of his employment by the Company, will be subject to the terms and conditions of this Agreement as if the Company furnished the same Confidential Information to Executive in the first instance. Executive further understands and acknowledges that Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act of Executive or of others who were under confidentiality obligations as to the item or items involved. In the event that Executive is required by law to disclose any Confidential Information, Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.

(b) Former Employer Information. Executive agrees that he will not, during and in connection with his employment with the Company, use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that he will not bring into the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity. Executive also acknowledges that he is free from any conflicts from previous employment contracts or agreements with all previous employers, and he is available for employment by the Company with no legal encumbrances and agrees to hold the Company harmless from any lawsuits arising from his previous employment.

(c) Third Party Information. Executive recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out his work for the Company consistent with the Company's agreement with such third party.

(d) No Public Statements. Executive agrees that he will not, without the Company's prior written consent, discuss with the media (which includes any national or local newspaper, magazine, radio and/or television station) any matter related to the Company.

(e) Mutual Non-Disparagement. Executive acknowledges that any disparaging comments by him against the Company are likely to substantially depreciate the business reputation of the Company. Executive agrees to act in good faith so as not to harm the business reputation of the Company in any way. Executive further agrees that he will not directly or indirectly defame, disparage, or publicly criticize the services, business, integrity, veracity or reputation of the Company or its owners, officers, directors, or employees in any forum or through any medium of communication. The Company agrees that it will not, directly or indirectly, through its executive officers or directors, defame, disparage, or publicly criticize the integrity, veracity or reputation of Executive. Nothing in this Agreement will preclude Executive or the Company and its executive officers and directors from supplying truthful information to any governmental authority or in response to any lawful subpoena or other legal process.

(f) Restrictive Covenants.

(i) Conflicting Employment. Executive agrees that, during the term of his employment with the Company, he will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of his employment, nor will he engage in any other activities that would or may conflict with his obligations or responsibilities to the Company.

(ii) Returning Company Documents and Property. Executive agrees that, at the time of leaving the employ of the Company or at any other time at the Company's request, he will deliver to the Company (and will not keep in his possession, recreate or deliver to anyone else) any and all software, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, Confidential Information, other documents or property, or reproductions of any aforementioned items developed by him pursuant to his employment with the Company or otherwise belonging to the Company, its successors or assigns. To the extent Executive has retained any the Company property or Confidential Information on any electronic or computer equipment belonging to him or under his control, Executive agrees to so advise the Company and to follow the Company's instructions in permanently deleting all such property or Confidential Information and all copies, including without limitation allowing the Company access to such equipment for purposes of permanently deleting all such property or Confidential Information. In the event of the termination of Executive's employment for any reason, Executive agrees to sign and deliver the "Termination Certification" attached to the Company's Employee Handbook and provide such other written assurances of his compliance with this Agreement as may be requested by the Company.

(iii) Notification to New Employer. During Executive's employment and for a period of twelve (12) months immediately following the termination of his employment with the Company, Executive will advise the Company of any new employer of his, or any other person or entity for whom he may perform services, within three (3) days after accepting an offer to work for such employer or other person or entity. Executive hereby agrees to notify, and grant consent to notification by the Company to, any new employer, or other person or entity for whom he may perform services, of his obligations under this Agreement.

(iv) Solicitation of Employees. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly, for himself or for any other person or entity:

- (1) solicit, induce, recruit or encourage any of the Company's employees, consultants, independent contractors or any person who provides services to the Company to terminate or reduce their employment or other relationship with the Company,
- (2) hire any individual who is (or was within the six (6) months immediately preceding such hiring) an employee, exclusive consultant, or exclusive independent contractor of the Company, or
- (3) attempt to do any of the foregoing.

(v) Solicitation of Customers. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly (i) solicit, entice, or induce any Customer for the purpose of providing, or provide, products or services that are competitive with the products or services provided by the Company, or (ii) solicit, entice, or induce any Customer to terminate or reduce its business with (or refrain from increasing its business with) the Company. As used in this subsection (f)(v) of Section 7, "Customer" means any person or entity to which the Company provided products or services (or was invested in

products offered by the Company), and with which Executive had contact on behalf of the Company, within the last twelve (12) months of his employment with the Company.

(vi) Noncompetition. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly:

(1) have any ownership interest in, or participate in the financing, operation, management or control of, any Competitor; or

(2) engage in or perform services (whether as an employee, consultant, proprietor, partner, director or otherwise) for any Competitor, if such services either (i) are the same as or similar to (individually or in the aggregate) the services Executive performed for the Company during his employment with the Company, or (ii) are performed with respect to products or services of the Competitor that are competitive with the products or services provided by the Company with which Executive was involved during his employment with the Company or about which he received Confidential Information during his employment with the Company.

(vii) As used in subsection (f)(vi) of Section 7, "Competitor" means any mortgage REIT (i) any mortgage REIT, (ii) any entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities, or (iii) any entity that manages or advises (including any external advisor) either a mortgage REIT or an entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities. The scope of the covenant set forth in subsection (f)(vi) of Section 7 will be within or with respect to the United States and any other country in which the Company is engaged in business. Executive acknowledges that the Company's technology and products have worldwide application, including without limitation over the Internet and that such geographic scope is therefore reasonable. It is agreed that ownership of no more than 2% of the outstanding voting stock of a publicly traded corporation will not constitute a violation of subsection (f)(vi) of Section 7.

(viii) Corporate Opportunities. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, Executive will not use opportunities discovered in the course of his employment for his own personal gain or benefit. For example, if, in Executive's capacity as a the Company employee, Executive is approached about or otherwise become aware of a potential investment or other business transaction that may be appropriate for the Company, Executive will not take that opportunity for himself, or share or disclose it to any third party, but rather Executive will bring it to the attention of his manager or other appropriate the Company personnel.

(g) Cooperation with Respect to Litigation. During the Term of Employment and at all times thereafter, Executive agrees to give prompt written notice to the Company of any claim against the Company after becoming aware of such claim and (to the extent reasonably requested by the Company) to reasonably cooperate, in good faith and to the best of his ability, with the Company in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Company. Such cooperation will include all assistance that the Company, its counsel or representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that the Company will promptly reimburse Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this

Section 7(g) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Company, such cooperation will not materially interfere with Executive's then current employment.

(h) Remedies.

(i) Executive acknowledges and agrees that the restrictions set forth in this Agreement are critical and necessary to protect the Company's legitimate business interests; are reasonably drawn to this end with respect to duration, scope, and otherwise; are not unduly burdensome; are not injurious to the public interest; and are supported by adequate consideration. Executive agrees that it would be impossible or inadequate to measure and calculate the Company's damages from any breach of the restrictions set forth herein. Accordingly, Executive agrees that if he breaches or threatens to breach any of such restrictions, the Company will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and to specific performance of any such provision of this Agreement. Executive further agrees that no bond or other security will be required in obtaining such equitable relief and he hereby consents to the issuance of such injunction and to the ordering of specific performance. Executive further acknowledges and agrees that (i) any claim he may have against the Company, whether under this Agreement or otherwise, will not be a defense to enforcement of the restrictions set forth in this Agreement, (ii) the circumstances of his termination of employment with the Company will have no impact on his obligations under this Agreement, and (iii) this Agreement is enforceable by the Company, and its subsidiaries, affiliates, successors and assigns.

(ii) Executive, and the Company, agree and intend that Executive's obligations under this Agreement (to the extent not perpetual) be tolled during any period that Executive is in breach of any of the obligations under this Agreement, so that the Company is provided with the full benefit of the restrictive periods set forth herein.

(iii) Executive also agrees that, in addition to any other remedies available to the Company and notwithstanding any provision of this Agreement to the contrary, in the event Executive breaches in any material respect any of his obligations under this Section 7, the Company may immediately cease all payments under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, all equity-based awards granted under this Agreement may be immediately forfeited, and the Company may require that Executive repay any after-tax amounts previously paid to Executive under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, and any stock delivered or other amounts paid (each on an after-tax basis) with respect to any equity-based awards granted under this Agreement.

(iv) Executive and the Company further agree that, in the event that any provision of this Section 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision will be deemed to be modified to permit its enforcement to the maximum extent permitted by law. Executive further covenants that Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 7 and that Executive will reimburse the Company and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 7 if either the Company and/or its affiliates prevails on any material issue involved in such dispute or if Executive challenges the reasonableness or enforceability of any of the provisions of this Section 7, it being understood that Executive will not be considered to have challenged the enforceability of this Section 7 by arguing that his conduct did not, in fact, violate the terms of this Section 7. It is also agreed that each of the Company's affiliates will have the right to enforce all of Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 7.

8. Indemnification. The Company will indemnify Executive to the fullest extent permitted by Maryland law as amended from time to time in connection with Executive's duties with the Company, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties,

ERISA excise taxes and amounts paid in settlement) actually and reasonably incurred by Executive in connection with an action, suit or proceeding. Expenses incurred by Executive if Executive is a party to a proceeding to which this Section may be applicable will be paid or reimbursed by the Company in advance of the final disposition of the proceeding upon receipt by the Company of (i) a written affirmation of Executive's good faith belief that Executive is entitled to indemnification by the Company pursuant to this Section with respect to such expenses and proceeding, and (ii) a written undertaking by Executive, or on Executive's behalf, to and in favor of the Company, wherein Executive agrees to repay the amount if Executive is determined not to have been entitled to indemnification under this Section. While Executive is an officer of the Company, and for six years thereafter, the Company (or any successor thereto) will provide comprehensive coverage under its officers and directors insurance policy (or policies) on substantially the same terms and levels that it provides to its senior executive officers, at the Company's sole cost.

9. Clawback Policy. Executive agrees that all bonuses, equity compensation and other incentive compensation provided by the Company will be subject to any applicable clawback policy implemented by the Board of Directors from time to time.

10. Inventions

(i) Inventions Retained and Licensed. Executive has attached hereto, as Exhibit C, a list describing all inventions, original works of authorship, developments, improvements and trade secrets which were made by Executive prior to his employment with the Company (collectively referred to as "Prior Inventions"), which relate to the Company's proposed business, products or research and development and which are not assigned to the Company hereunder. If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands and acknowledges that he is not to list such Prior Inventions in Exhibit B but will only disclose a cursory name for each such invention and the fact that full disclosure as to such inventions has not been made for that reason. In Exhibit C, Executive has also indicated which Prior Inventions were made in connection with his employment with Annaly Capital Management Inc. Annaly Capital Management Inc. hereby consents to Executive's disclosure and use of such Prior Inventions for purposes of his employment with the Company. If there are no such Prior Inventions indicated on Exhibit C, Executive represents that there are no such Prior Inventions. If in the course of Executive's employment with the Company, Executive incorporates into any the Company product, service or process a Prior Invention, the Company is hereby granted and will have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(ii) Assignment of Inventions. Executive acknowledges that, during the term of his employment by the Company, Executive may be expected to undertake creative work, either alone or jointly with others, which may lead to inventions, ideas, original works of authorship, developments, concepts, improvements, trade secrets or other intellectual property rights, in each case, whether or not patentable or registrable under patent, copyright or similar laws and including, in each case, tangible embodiment of any of the foregoing ("Inventions"). Executive hereby agrees that all Inventions created during the term of his employment and that is related to the actual or prospective business of the Company or result from work performed by Executive for the Company (whether or not on the Company's premises or using the Company's equipment and materials or during regular business hours) ("Company Inventions") will be a work-for-hire and will be the sole and exclusive property of the Company and, to the extent such Company Inventions are not a work-for-hire, Executive hereby assigns to the Company Investment Corporation all of his right, title and interest in and to any and all such Company Inventions. In addition, any Inventions created within three years after the termination of Executive's employment by the Company which are based upon or derived from Confidential Information or Company Inventions will be the sole and exclusive property of the Company and Executive hereby assigns to the Company all of his right, title and interest in and to any and all such Company Inventions. Nothing in the preceding sentence will be construed to limit Executive's obligations under Section 10 of this Agreement.

(iii) Maintenance of Records. Executive agrees to keep and maintain adequate and current written records of all Company Inventions made by Executive (solely or jointly with others) during the term of

Executive's employment with the Company. The records will be in the form of notes, sketches, drawings and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

(iv) Further Assistance. Executive agrees to assist the Company, or its designee, at the Company's or its designee's expense, in every proper way to secure Company's rights, or its designee's rights, in the Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company, or its designee, of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company, or its designee, will deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive rights, title and interest in and to such Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Executive further agrees that his obligation to execute or cause to be executed, when it is in his power to do so, any such instrument or papers will continue after the termination of this Agreement. If the Company, or its designee, is unable because of Executive's mental or physical incapacity or for any other reason to secure Executive's signature to apply for or to pursue any application for any United States or foreign patents, copyright registrations or other registrations covering Company Inventions, then Executive hereby irrevocably designates and appoints the Company, or its designee, and its duly authorized officers and agents as his agent and attorney in fact, to act for and in his behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by him. Executive understands and acknowledges that this appointment is coupled with an interest and survives his death or incompetence.

(v) Moral Rights. To the extent not assignable, Executive hereby waives, to the extent permitted by applicable law, any and all claims he may now or hereafter have in any jurisdiction to all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as "moral rights" with respect to all Company Inventions.

(vi) No License. Executive understands and acknowledges that this Agreement does not, and will not be construed to grant him any license or right of any nature with respect to any Company Inventions or Confidential Information.

(vii) Application. Executive agrees that the provisions of subsections (i) of this Section 10 will apply with respect to any and all Inventions, whether created during services to the Company or any predecessor entity, or during any pre-organization period. Executive acknowledges that the Company and its future investors will rely on this representation.

11. Assignability; Binding Nature. This Agreement will inure to the benefit of the Company and Executive and their respective successors, heirs (in the case of Executive) and assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that any such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. This Agreement will not be assignable by Executive; provided however that, in the event of Executive's death or a judicial determination of his incapacity, references to Executive in this Agreement will be deemed, as appropriate, to be references to his heirs, executor(s) or other legal representative(s).

12. Representation. The Company and Executive each represent and warrant that it or he is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its or his obligations under this Agreement will not violate any agreement between to which it or he is a party.

13. Entire Agreement; Inconsistency. This Agreement contains the entire agreement between the Company and Executive concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between them with respect thereto. In the event of any inconsistency between this Agreement and any other plan, program, practice or agreement in which Executive is a participant or a party, whether applicable on the date of this Agreement or at any time thereafter, this Agreement will control unless, with Executive's prior written consent, such other plan, program, practice or agreement specifically refers to this Agreement as not so controlling.

14. Amendment or Waiver. This Agreement can only be changed, modified or amended in a writing that is signed by both Executive and the Company and that specifically identifies the provision(s) of this Agreement that are being changed, modified or amended. No waiver by either the Company or Executive at any time of any breach by the other party of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar condition or provision at the same or at any prior or subsequent time. Any waiver must be in writing and signed by Executive or the Board of Directors, as the case may be.

15. Severability. In the event that any provision or portion of this Agreement will be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

16. Reasonableness. To the extent that any provision or portion of this Agreement is determined to be unenforceable by a court of law or equity, that provision or portion of this Agreement will nevertheless be enforceable to the extent that such court determines is reasonable.

17. Survivorship. The respective rights and obligations of the parties hereunder will survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. For the avoidance of doubt, the covenants in Section 7 and the indemnification and insurance provisions of Section 8 of this Agreement will survive any termination or expiration of this Agreement and termination of Executive's employment for any reason.

18. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto will be governed by and construed in accordance with the laws of the State of New York (without regard to its choice of law provisions), other than rights and obligations (and related claims and disputes) pursuant to Section 8 (Indemnification) which will be governed by Maryland law. Each of the parties agrees that any dispute between the parties will be resolved only in the courts of the State of New York or the United States District Court for the Southern District of New York and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits for himself or itself in any proceeding relating to this Agreement or Executive's employment by the Company or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of New York, the court of the United States of America for the Southern District of New York, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding will be heard and determined in such New York State court or, to the extent permitted by law, in such federal court; (b) consents that any such Proceeding may and will be brought in such courts and waives any objection that he or it may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or Executive's employment by the Company or any affiliate, or his or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at his or its address as provided in accordance with Section 19; and (e) agrees that nothing in this Agreement will affect the right to effect service of process in any other manner permitted by the laws of the State of New York.

19. Notices. Any notice given to either party will be in writing and will be deemed to have been given when delivered personally, by reputable overnight courier, or when received if sent by certified mail, postage prepaid, return receipt requested, duly addressed to the party concerned, if to the Company, at its principal executive office, and if to Executive, at the address of Executive shown on the Company's records or at such other address as such party may give notice of.

20. Withholding. The Company will be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company determines in its sole discretion to be required to be withheld pursuant to applicable law. The Company will use commercially reasonable efforts to establish a relationship with a broker-dealer to facilitate the sale of shares acquired on the vesting or exercise of any equity or equity-based compensation granted to Executive by the Company to enable Executive to satisfy all applicable withholding taxes due in connection with such vesting or exercise; provided that if the Company does not establish any such relationship, Executive may satisfy such withholding obligations by instructing the Company to retain shares otherwise deliverable to Executive upon the vesting or exercise of any such equity or equity-based award with a fair market value not exceeding the minimum amount required to be withheld by applicable law.

21. Headings. The headings of the Sections contained in this Agreement are for convenience only and will not be deemed to control or affect the meaning or construction of any provision of this Agreement.

22. Counterparts. This Agreement may be executed in two or more counterparts. Signatures delivered by facsimile (including by "pdf") will be deemed effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Chimera Investment Corporation

By: /s/ Gerard Creagh
Name: Gerard Creagh
Title: Member of the Compensation Committee

By: /s/ Robert Colligan
Name: Robert Colligan
Title: Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") by and between Chimera Investment Corporation (the "Company") and Philip J. Kardis, II (the "Executive") is effective as of August 5, 2015 (the "Effective Date"), subject to and contingent upon the execution and effectiveness of that certain Transition Services Agreement by and between Annaly Management Company LLC ("Annaly") and the Company (the "TSA"), dated on or about the date hereof, and this Agreement will be null and void *ab initio* if the TSA is not executed by the Company and Annaly.

WITNESSETH:

WHEREAS, Executive wishes to be employed by the Company, and the Company wishes to secure the employment of Executive, under the terms and conditions described below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the parties hereto agree as follows:

1. Term of Employment.

(a) The Company hereby employs Executive, and Executive hereby accepts employment with the Company, in the positions and with the duties and responsibilities as set forth in Section 2 below for the Term of Employment (as defined below), subject to the terms and conditions of this Agreement.

(b) The term of employment under this Agreement will commence on September 1, 2015 or such earlier date as the parties may agree and continue until December 31, 2018 (the "Initial Term"), and, prior to a Change in Control only, will be extended for an additional one year period (the "Renewal Term") on the last day of the Initial Term and on each subsequent anniversary thereof, unless either party provides written notice of nonrenewal to the other party not less than 90 days prior to the last day of the Initial Term or any Renewal Term (the Initial Term together with each Renewal Term, the "Term of Employment"); provided that, upon the consummation of a Change in Control, the Term of Employment will be extended to the second anniversary of such Change in Control; provided, further, that if the last day of the Term of Employment otherwise would occur during a Garden Leave period, the Term of Employment will continue through the end of such Garden Leave. The Term of Employment may also be terminated in accordance with Section 5 hereof.

2. Position; Duties and Responsibilities.

(a) During the Term of Employment, Executive will be employed as the General Counsel of the Company, reporting directly to the Chief Executive Officer of the Company. Executive will (i) be responsible for, and, along with the Company's Chief Executive Officer, have authority over, the Company's legal functions, and (ii) have such other duties and responsibilities as are assigned to him by the Company's Chief Executive Officer or the Board of Directors of the Company (the "Board of Directors") (not inconsistent in any significant respect with the duties and responsibilities typically assigned to the general counsel of a publicly-traded REIT).

(b) During the Term of Employment, Executive will, without additional compensation, also serve on the board of directors of, serve as an officer of, and/or perform such executive and consulting services for, or on behalf of, such subsidiaries or affiliates of the Company as the Board of Directors may, from time to time, request. For purposes of this Agreement, the term "affiliate" will have the meaning ascribed thereto in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Act").

(c) During the Term of Employment, Executive will serve the Company faithfully, diligently and to the best of his ability and will devote substantially all of his time and efforts to his employment and the performance of his duties under this Agreement. Nothing herein will preclude Executive from engaging in charitable

and community affairs and managing his personal, financial and legal affairs, so long as such activities do not materially interfere with his carrying out his duties and responsibilities under this Agreement.

3. Compensation.

(a) Base Salary. During the Term of Employment, Executive will be entitled to receive an annualized base salary (the "Base Salary") of not less than \$750,000. Beginning in 2017, the Compensation Committee of the Board of Directors (the "Compensation Committee") will review Executive's Base Salary annually to determine whether increases are appropriate. Any such increased amount will thereafter be Executive's "Base Salary" for purposes under this Agreement.

(b) Annual Bonus.

(i) For the calendar year ending December 31, 2015, Executive will be eligible to receive a guaranteed cash bonus of not less than \$500,000 (the "2015 Bonus"). Executive must be employed on December 31, 2015 to receive the 2015 Bonus. The 2015 Bonus will be paid between January 1, 2016 and March 15, 2016.

(ii) For each of calendar years 2016, 2017 and 2018, Executive will be entitled to an annual cash bonus equal to 200% of the Base Salary (the "Guaranteed Annual Bonus"). Executive must be employed on December 31 of the applicable calendar year to receive the Guaranteed Annual Bonus for such year. The Guaranteed Annual Bonus will be paid between January 1 and March 25 of the year following the year to which it relates. Thereafter, Executive's annual bonus will be determined by the Compensation Committee of the Board of Directors in its sole discretion, but in consultation with the Chief Executive Officer.

(iii) For each of calendar years 2016, 2017 and 2018, Executive will be eligible for a discretionary annual equity bonus equal to 33% of the Base Salary (the "Discretionary Annual Bonus"). Executive must be employed on December 31 of the applicable calendar year to receive the Discretionary Annual Bonus for such year. The Discretionary Annual Bonus will be paid in restricted stock or restricted stock units ("RSUs") that will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment (except as otherwise provided in Sections 5(a), 5(b) or 5(e)) and the terms and conditions of the Company's equity compensation plan (the "Equity Compensation Plan") and the applicable award agreement. Such restricted stock or RSUs will be granted between January 1 and March 15 of the year following the year to which it relates. Thereafter, Executive's annual bonus will be determined by the Compensation Committee of the Board of Directors in its sole discretion, but in consultation with the Chief Executive Officer.

(c) Long-Term Equity Incentives.

(i) During the first quarter of 2016, the Company will grant Executive restricted stock or RSUs having a grant fair market value of \$250,000 that will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment (except as otherwise provided in Sections 5(a), 5(b) or 5(e)) and the terms and conditions of the Equity Compensation Plan and the applicable award agreement.

(ii) During the Term of Employment, commencing in the first quarter of 2016, the Company will annually grant Executive restricted stock or RSUs having a grant fair market value of \$500,000 that will vest in equal annual installments on the first three anniversaries of the grant date, subject to Executive's continuing employment (except as otherwise provided in Sections 5(a), 5(b) or 5(e)) and the terms and conditions of the Equity Compensation Plan and the applicable award agreement (each, an "Annual Equity Award").

(d) Dividend Equivalents. Dividend equivalents will accrue on RSUs that become vested hereunder as and when dividends are paid to the Company's shareholders and will be paid to Executive in cash,

shares or a combination thereof, as determined by the Committee in its sole discretion, at the time such RSUs are settled.

(e) Stock Ownership Requirements. All shares of the Company stock distributed to Executive by the Company will be subject to the stock ownership guidelines in effect for executives from time to time, as determined by the Board of Directors. Unless the stock ownership guidelines provide otherwise, vested shares of equity grants cannot be transferred or sold during Executive's employment by the Company until the value of Executive's stock holdings in the Company (including shares of restricted stock) exceeds three times Executive's Base Salary; and following the termination of Executive's employment with the Company, vested shares of equity grants may not be sold or transferred to the extent the value of Executive's stock holdings does not exceed five times Executive's Base Salary as of the date of Executive's termination of employment (provided, however, that this sentence will no longer apply following the six-month anniversary of Executive's termination of employment). Notwithstanding the foregoing, the restrictions of this subsection (d) will not prevent Executive from selling or directing the withholding of shares of the Company stock in accordance with and subject to Section 20 to satisfy income tax and employment tax obligations relating to the vesting and settlement of the equity grants to which the shares relate.

(f) Relocation Benefits. To the extent necessary and consistent with any mutually agreeable relocation date, the Company will provide appropriate temporary housing for Executive. The Company will reimburse Executive for reasonable relocation expenses, as agreed to between the parties in good faith and subject to such documentation as may be requested by the Company. Relocation expenses will include reasonable packing, moving and storage costs for the relocation of the personal property of Executive and his immediate family, house-hunting travel expenses for Executive and his family and the reasonable closing costs in connection with the sale of Executive's current primary residence and the purchase of a new primary residence in connection with his relocation to the New York City metropolitan area, including typical and customary brokers' commissions, title fees, attorneys fees, transfer taxes and all other fees and charges related to closing but excluding any taxes on sale and purchase, down-payment, mortgage points or similar costs. The relocation will occur at a time mutually agreeable to Executive and the Company but no later than July 15, 2016. Executive will be entitled to a gross-up payment from the Company for all taxes incurred on all relocation expenses and benefits that are taxable to Executive, up to a maximum gross-up payment of \$150,000.

4. Employee Benefit Programs and Fringe Benefits. During the Term of Employment, Executive will be entitled to five weeks of vacation per fiscal year and will be eligible to participate in all executive incentive and employee benefit programs of the Company now or hereafter made available to the Company's senior executives or salaried employees generally, as such programs may be in effect from time to time. The Company will reimburse Executive for any and all necessary, customary and usual business expenses incurred by Executive in connection with his employment in accordance with applicable the Company policies.

5. Termination of Employment.

(a) Termination Due to Death or Disability. If Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below. In addition (subject to compliance with the requirements of Section 5(i) and Section 7 in the event of Disability):

(i) Executive will receive any unpaid annual bonus earned under Section 3(b) for the calendar year immediately preceding Executive's date of termination if Executive's employment is terminated during the Term of Employment by reason of Executive's death or Disability;

(ii) In the event Executive's employment is terminated during the Term of Employment by reason of Executive's Disability, the Company will reimburse Executive for 100% of the COBRA

premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(iii) Whether or not such termination of employment due to death or Disability occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive in connection with a Discretionary Annual Bonus that vests solely on the basis of continued employment will vest in full; and

(iv) Whether or not such termination of employment due to death or Disability occurs during the Term of Employment, any outstanding equity award previously granted under Section 3(c) will vest in full and be settled within 60 days following the date of such termination.

(b) Termination By the Company Without Cause or By Executive for Good Reason Other Than Within 24 Months Following a Change in Control. In the event Executive's employment is terminated during the Term of Employment by the Company without Cause or by Executive for Good Reason (other than for death or Disability, as described in Section 5(a)) occurring other than within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

(i) Executive will be entitled to a cash amount (the "Severance Amount") equal to one times the sum of (1) his then current Base Salary and (2) the average of the annual bonuses paid to Executive by the Company in accordance with Section 3(b) for the three (or fewer) calendar years preceding such termination (the "Average Bonus"); provided that, in the case of a termination occurring prior to the payment of the 2015 Bonus, the Average Bonus will be deemed to equal \$500,000. The Severance Amount will be paid in 12 equal monthly installments commencing within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding equity-based compensation previously granted to Executive as part of his annual bonus under Section 3(b) will, to the extent not already vested, immediately vest;

(iii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, any outstanding equity award previously granted under Section 3(c) will vest in full and be settled within 60 days following the date of such termination;

(iv) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 12 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(v) Executive will be paid a pro-rata portion of the Guaranteed Annual Bonus and the Discretionary Annual Bonus payable for the year of termination when the Company pays bonuses to its employees generally, but no later than March 15 of the immediately following year; and

(vi) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any unpaid annual bonus earned under Section 3(b) for the calendar year immediately preceding Executive's date of termination.

The parties agree that a termination of Executive's employment pursuant to this Section 5(b), Section 5(c) or Section 5(d) below will not be a breach of this Agreement and does not relieve either party of its/his other obligations hereunder.

(c) Termination by the Company for Cause or Voluntary Termination by Executive. In the event that at any time during the Term of Employment Executive's employment is terminated by the Company for Cause or by Executive other than for Good Reason, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f).

(d) Garden Leave. Executive will provide a Notice of Termination to the Company no less than 90 days prior to any termination of Executive's employment (whether for Good Reason or without Good Reason) during the Term of Employment, other than a termination during the period described in Section 5(e), and the Company will provide a Notice of Termination to Executive no less than 90 days prior to any termination of Executive's employment for Cause or without Cause during the Term of Employment, other than a termination during the period described in Section 5(e); provided that the Company may elect to terminate the Garden Leave (as defined below) and Executive's employment at any time during the Garden Leave if Executive is terminated for Cause. During this 90-day notice period (the "Garden Leave"), Executive will (i) continue to be an employee of the Company and will make himself available to provide such services directed by the Company that are reasonably consistent with Executive's status as a senior executive of the Company and (ii) continue to be paid his Base Salary and to be eligible to participate in the Company's benefits programs, but will not be eligible to earn any annual bonus with respect to a calendar year that ends after the commencement of the Garden Leave. During the Garden Leave, the Company may require Executive to resign from any position with the Company and/or remove any or all of Executive's duties or responsibilities, which will not constitute Good Reason or otherwise be a violation of this Agreement. Executive agrees that he will not commence employment with any entity during or in connection with the commencement of the Garden Leave. During the Garden Leave, Executive will take all steps reasonably requested by the Company to effect a successful transition of client and customer relationships to the person or persons designated by the Company. Notwithstanding the foregoing, the Company in its sole discretion may waive all or any portion of the 90-day notice requirement by providing written notice to Executive accelerating the last day of the Garden Leave period; provided that the Company's exercise of its right to waive all or any portion of the 90-day notice requirement and accelerate the last day of the Garden Leave period will not be treated as a termination of Executive's employment by the Company without Cause or as giving Executive any basis for terminating his employment for Good Reason.

(e) Termination Related to Change in Control. In the event of the termination of Executive's employment during the Term of Employment by the Company other than for Cause or Executive's resignation of his employment for Good Reason (other than for Disability, as described in Section 5(a)) within 24 months following a Change in Control, Executive's Term of Employment will terminate automatically without further obligations to Executive, his legal representative or his estate, as the case may be, under this Agreement except for any payments payable to Executive pursuant to Section 5(f) below and if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7:

(i) The Company will immediately pay to Executive in a lump sum, but in all events within 60 days following the date of termination, a cash payment equal to the Severance Amount;

(ii) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, all of Executive's outstanding restricted stock, RSUs and stock options previously granted will immediately vest in full, any dividend equivalents associated with any such equity award will continue to be payable according to the terms of the applicable grant agreement, any such RSUs will be settled within 60 days after the date of such termination of employment, and any such options will remain exercisable until the earlier of (a) 90 days following the date of such termination or (b) the date on which each such option would have expired had Executive's employment not terminated;

(iii) The Company will reimburse Executive for 100% of the COBRA premiums incurred by Executive for Executive and his eligible dependents under the Company's health care plan during the 18 month period following Executive's termination of employment. Such reimbursement will be provided on the payroll date immediately following the date on which Executive remits the applicable premium payment and will commence within 60 days after the termination date; provided that, the first payment will include any reimbursements that would have otherwise been payable during the period beginning on Executive's termination date and ending on the date of the first reimbursement payment. Reimbursement payments will be treated as taxable compensation to Executive;

(iv) Executive will be paid a pro-rata portion of the Guaranteed Annual Bonus and the Discretionary Annual Bonus payable for the year of termination when the Company pays bonuses to its employees generally, but no later than March 15 of the immediately following year; and

(v) Whether or not such termination of employment by the Company without Cause or by Executive for Good Reason occurs during the Term of Employment, Executive will receive any unpaid annual bonus earned under Section 3(b) for the calendar year immediately preceding Executive's date of termination.

(f) Other Payments. Upon the termination of Executive's employment during the Term of Employment, in addition to the amounts payable under any Section above, Executive will be entitled to receive the following:

(i) any earned but unpaid portion of the Base Salary and accrued unused vacation;

(ii) any vested deferred compensation (including any interest accrued on or appreciation in value of such deferred amounts) in accordance with the applicable plan documents;

(iii) reimbursement for reasonable business expenses incurred but not yet reimbursed by the Company in accordance with the Company's expense reimbursement policy, as in effect from time to time; and

(iv) any other benefits to which Executive or his legal representative may be entitled under all applicable plans and programs of the Company, as provided in Section 4 above.

(g) Payments Subject to Section 409A and Other Applicable Law.

(i) The Company and Executive intend that this Agreement will be interpreted and administered so that any amount or benefit payable hereunder will be paid or provided in a manner that is either exempt from or compliant with Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service guidance promulgated thereunder ("Section 409A").

(ii) Notwithstanding anything herein to the contrary, Executive will not be entitled to any payment pursuant to this Section 5 prior to the earliest date permitted under Section 409A of the Code, and applicable Treasury regulations thereunder. To the extent any payment pursuant to this Section 5 is required to be delayed six months pursuant to the special rules of Section 409A of the Code related to "specified employees," each

affected payment will be delayed until six months after Executive's termination of employment, and, unless provided otherwise, with the first such payment being a lump sum equal to the aggregate payments Executive would have received during such six-month period if no payment delay had been imposed. Any payments or distributions delayed in accordance with the prior sentence will be paid to Executive on the first day of the seventh month following Executive's termination of employment or, if earlier, within ten days following the date of Executive's death.

(iii) Notwithstanding any other provision contained herein, to the extent any payments or distributions due to Executive upon termination of his employment under this Agreement are subject to Section 409A of the Code (i) a termination of Executive's employment will be interpreted in a manner that is consistent with the definition of a "separation from service" under Section 409A of the Code and the applicable Treasury regulations thereunder and (ii) all such payments will be treated as a series of separate payments for purposes of Section 409A of the Code.

(iv) If Executive is entitled to any reimbursement of expenses or in-kind benefits that are includable in Executive's federal gross taxable income, the amount of such expenses reimbursable or in-kind benefits provided in any one calendar year will not affect the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year. Executive's right to reimbursement of expenses or in-kind benefits under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) None of the Company, its affiliates or their respective directors, officers, employees or advisors will be held liable for any taxes, interest or other amounts owed by Executive as a result of the application of Section 409A or otherwise.

(h) No Mitigation; No Offset. In the event of any termination of Executive's employment under this Agreement, he will be under no obligation to seek other employment or otherwise in any way to mitigate the amount of any payment provided for in this Section 5, and there will be no offset against amounts due him under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain.

(i) Release. The Company's obligation to make any payment or provide any benefit pursuant to this Section 5 (other than pursuant to Sections 5(f) above) will be contingent upon, and is the consideration for, (A) Executive executing and delivering to the Company, within 45 days after termination of his employment, a general release (the "Release"), substantially in the form annexed hereto as Exhibit A, and (B) such release becoming irrevocable in accordance with its terms. In the event that the 45-day period referred to in the immediately preceding sentence spans two calendar years, any payments that, but for this sentence, would have been made hereunder during the first such calendar year will be delayed and paid to Executive on the first regular payroll date of the Company in such second calendar year, with any subsequent payments to be made as if no such delay had occurred.

(j) Parachute Payments.

(i) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it will be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company will reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide Executive with a greater net after-tax amount than would be the case if no such reduction was made. To the extent such Payments are required to be so reduced, the Payments due to Executive will be reduced in the following order, unless otherwise agreed and such agreement is in compliance with Section 409A of the Code: (i) Payments that are payable in cash, with amounts that are payable last reduced first; (ii) Payments due in respect of any equity or equity derivatives included at their full value under

Section 280G (rather than their accelerated value); (iii) Payments due in respect of any equity or equity derivatives valued at accelerated value under Section 280G, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (iv) all other non-cash benefits. The Payments will be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which Executive would be subject with respect to the unreduced Payments).

(ii) The "Reduced Amount" will be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement or otherwise without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(iii) All determinations to be made under this Section 5(j) will be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to a change in control, which will provide its determinations and any supporting calculations both to the Company and Executive within ten days of the change in control. Any such determination by such firm will be binding upon the Company and Executive. All fees and expenses of the accounting or consulting firm in performing the determinations referred to in this Section 5(j) will be borne solely by the Company.

(k) Resignation from Positions. Upon termination of Executive's employment with the Company for any reason, Executive will be deemed to have resigned with immediate effect from any position he then holds as an officer, director or fiduciary of the Company or any Company-related entity. In furtherance of the foregoing, Executive will execute and deliver to the Company any letters, documents and other instruments necessary or appropriate to effect such resignation.

(l) For the avoidance of doubt, Executive will not be entitled to any payments or benefits under Section 5(e) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(b), and Executive will not be entitled to and payments or benefits under Section 5(b) in connection with any termination of employment by the Company without Cause or by Executive for Good Reason in respect of which he is entitled to payments and benefits under Section 5(e).

(m) Termination by the Company Without Cause After Expiration of the Term of Employment Following Delivery of Notice of Nonrenewal of the Term of Employment By the Company. If the Company provides Executive written notice of nonrenewal of the Term of Employment in accordance with Section 1(b) and the Company terminates Executive's employment without Cause after the last day of the Term of Employment, then, if the requirements of Section 5(i) are met and subject to Executive's continued compliance with Section 7, the Company will, in addition to providing the benefits set forth in Sections 5(b)(ii), (iii) and (vi), continue to pay Executive the Base Salary for a period of one year following his termination date in accordance with the Company's regular payroll practices. Such Base Salary continuation payments will commence within 60 days following the date of termination, and the first payment will include any unpaid installments for the period prior to commencement.

6. Definitions. For purposes of this Agreement, the following terms will be defined as set forth below:

(a) "Cause" means Executive's (i) conviction, or entry of a guilty plea or a plea of nolo contendere with respect to, a felony, a crime of moral turpitude or any crime committed against the Company, other than traffic violations; (ii) engagement in willful misconduct, gross negligence, or fraud, embezzlement or

misappropriation relating to significant amounts, in each case in connection with the performance of his duties under this Agreement; (iii) willful failure to adhere to the lawful directions of the Board of Directors that are reasonably consistent with his duties and position provided for herein; (iv) breach in any material respect of any of the provisions of Section 7 of this Agreement; (v) chronic or persistent substance abuse that materially and adversely affects his performance of his duties under this Agreement or (vi) breach in any material respect of the terms and provisions of this Agreement resulting in material and demonstrable economic injury to the Company. No act or omission to act by Executive will be "willful" if conducted in good faith or with a reasonable belief that such act or omission was in the best interests of the Company. Notwithstanding the foregoing, (a) Executive will be given written notice of any action or failure to act that is alleged to constitute Cause (a "Default"), and an opportunity for 20 business days from the date of such notice in which to cure such Default, such period to be subject to extension in the discretion of the Board of Directors and (b) regardless of whether Executive is able to cure any Default, Executive will not be deemed to have been terminated for Cause without (I) reasonable prior written notice to Executive setting forth the reasons for the decision to terminate Executive for Cause, (II) an opportunity for Executive, together with his counsel, to be heard by the Board of Directors and (III) delivery to Executive of a Notice of Termination approved by the Board of Directors, stating its good faith opinion that Executive has engaged in actions or conduct described in the preceding sentence, which notice specifies the particulars of such action or conduct in reasonable detail; provided, however, the Company may suspend Executive with pay until such time as his right to appear before the Board of Directors, as the case may be, has been exercised, so long as such appearance is within two weeks of the date of suspension.

(b) "Change in Control" means the occurrence of any one of the following events to the extent such event also constitutes a "change in control event" for purposes of Section 409A of the Code:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Company, any of its affiliates or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its affiliates) together with all affiliates and "associates" (as such term is defined in Rule 12b-2 under the Act) of such person, will become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board of Directors ("voting securities") (other than as a result of an acquisition of securities directly from the Company); or

(ii) persons who, as of the effective date of this Agreement, constitute the Company's Board of Directors (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board of Directors, provided that any person becoming a Director of the Company subsequent to the effective date whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors will, for purposes of this Agreement, be considered an Incumbent Director; or

(iii) there will occur (A) any consolidation or merger of the Company or any subsidiary where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 60% or more of the voting securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company (other than to an entity 60% or more owned by the shareholders of the Company) or (C) any liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change in Control" will not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of Shares or other voting securities outstanding, increases the proportionate voting power represented by the voting securities beneficially owned by any person to 40% or more of the combined voting power of all then outstanding voting securities.

(c) “Code” means the Internal Revenue Code of 1986, as amended.

(d) “Disability” means Executive’s inability for a period of six consecutive months, to render substantially the services provided for in this Agreement by reason of mental or physical disability, whether resulting from illness, accident or otherwise, other than by reason of chronic or persistent abuse of any substance (such as narcotics or alcohol), provided that a Disability for purposes of Section 5(a) will qualify as a Disability under Section 409A of the Code. Notwithstanding the foregoing, no circumstances or condition will constitute a Disability to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition will continue to constitute a Disability to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax. In addition, nothing herein will limit or restrict the payment of any amount subject to Section 409A of the Code upon an otherwise permitted payment event under Section 409A of the Code, including upon a separation from service.

(e) “Good Reason” means:

- (i) a material diminution in Executive’s title, duties or responsibilities;
- (ii) relocation of Executive’s place of employment without his consent outside the New York City metropolitan area or, following a Change in Control, outside of the Borough of Manhattan;
- (iii) the failure of the Company to pay within 30 business days any material payment or benefits due from the Company;
- (iv) the material failure by the Company to honor any of its material obligations to Executive.

For Good Reason to exist, Executive must provide written notice of an event purportedly constituting Good Reason within 90 days of its occurrence, the Company must have failed to cure such event within 30 days following such notice and Executive must provide written notice of his decision to terminate employment, such notice to be provided within 15 days following the expiration of such cure period. The effective date of such termination will be the end of the period of Garden Leave.

(f) “Notice of Termination” means the written notice of termination of Executive’s employment delivered by, as applicable, Executive or the Company.

7. Covenants.

(a) Confidentiality Restrictions. Executive agrees at all times during the term of his employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company (while employed by the Company), or to disclose to any person, firm or corporation without advance written authorization of the Board of Directors, except as necessary for Executive to discharge his duties hereunder, any Confidential Information of the Company. Executive understands and acknowledges that “Confidential Information” includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of the Company; marketing plans, projections, presentations or strategies of the Company; financial and budget information of the Company; personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations; information regarding the existence or terms of any agreement or relationship between the Company and any other party; and any other information of whatever nature, which gives to the Company an opportunity to obtain an advantage over its competitors who or which do not have access to such information. Executive understands and acknowledges that Confidential Information developed by him, during the term of his employment by the Company, will be subject to the terms and conditions of this

Agreement as if the Company furnished the same Confidential Information to Executive in the first instance. Executive further understands and acknowledges that Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act of Executive or of others who were under confidentiality obligations as to the item or items involved. In the event that Executive is required by law to disclose any Confidential Information, Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.

(b) Former Employer Information. Executive agrees that he will not, during and in connection with his employment with the Company, use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that he will not bring into the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity. Executive also acknowledges that he is free from any conflicts from previous employment contracts or agreements with all previous employers, and he is available for employment by the Company with no legal encumbrances and agrees to hold the Company harmless from any lawsuits arising from his previous employment.

(c) Third Party Information. Executive recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out his work for the Company consistent with the Company's agreement with such third party.

(d) No Public Statements. Executive agrees that he will not, without the Company's prior written consent, discuss with the media (which includes any national or local newspaper, magazine, radio and/or television station) any matter related to the Company.

(e) Mutual Non-Disparagement. Executive acknowledges that any disparaging comments by him against the Company are likely to substantially depreciate the business reputation of the Company. Executive agrees to act in good faith so as not to harm the business reputation of the Company in any way. Executive further agrees that he will not directly or indirectly defame, disparage, or publicly criticize the services, business, integrity, veracity or reputation of the Company or its owners, officers, directors, or employees in any forum or through any medium of communication. The Company agrees that it will not, directly or indirectly, through its executive officers or directors, defame, disparage, or publicly criticize the integrity, veracity or reputation of Executive. Nothing in this Agreement will preclude Executive or the Company and its executive officers and directors from supplying truthful information to any governmental authority or in response to any lawful subpoena or other legal process.

(f) Restrictive Covenants.

(i) Conflicting Employment. Executive agrees that, during the term of his employment with the Company, he will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of his employment, nor will he engage in any other activities that would or may conflict with his obligations or responsibilities to the Company.

(ii) Returning Company Documents and Property. Executive agrees that, at the time of leaving the employ of the Company or at any other time at the Company's request, he will deliver to the Company (and will not keep in his possession, recreate or deliver to anyone else) any and all software, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, Confidential Information, other documents or property, or reproductions of any

above-mentioned items developed by him pursuant to his employment with the Company or otherwise belonging to the Company, its successors or assigns. To the extent Executive has retained any the Company property or Confidential Information on any electronic or computer equipment belonging to him or under his control, Executive agrees to so advise the Company and to follow the Company's instructions in permanently deleting all such property or Confidential Information and all copies, including without limitation allowing the Company access to such equipment for purposes of permanently deleting all such property or Confidential Information. In the event of the termination of Executive's employment for any reason, Executive agrees to sign and deliver the "Termination Certification" attached to the Company's Employee Handbook and provide such other written assurances of his compliance with this Agreement as may be requested by the Company.

(iii) Notification to New Employer. During Executive's employment and for a period of twelve (12) months immediately following the termination of his employment with the Company, Executive will advise the Company of any new employer of his, or any other person or entity for whom he may perform services, within three (3) days after accepting an offer to work for such employer or other person or entity. Executive hereby agrees to notify, and grant consent to notification by the Company to, any new employer, or other person or entity for whom he may perform services, of his obligations under this Agreement.

(iv) Solicitation of Employees. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly, for himself or for any other person or entity:

- (1) solicit, induce, recruit or encourage any of the Company's employees, consultants, independent contractors or any person who provides services to the Company to terminate or reduce their employment or other relationship with the Company,
- (2) hire any individual who is (or was within the six (6) months immediately preceding such hiring) an employee, exclusive consultant, or exclusive independent contractor of the Company, or
- (3) attempt to do any of the foregoing.

(v) Solicitation of Customers. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly (i) solicit, entice, or induce any Customer for the purpose of providing, or provide, products or services that are competitive with the products or services provided by the Company, or (ii) solicit, entice, or induce any Customer to terminate or reduce its business with (or refrain from increasing its business with) the Company. As used in this subsection (f)(v) of Section 7, "Customer" means any person or entity to which the Company provided products or services (or was invested in products offered by the Company), and with which Executive had contact on behalf of the Company, within the last twelve (12) months of his employment with the Company.

(vi) Noncompetition. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, he will not either directly or indirectly:

- (1) have any ownership interest in, or participate in the financing, operation, management or control of, any Competitor; or
- (2) engage in or perform services (whether as an employee, consultant, proprietor, partner, director or otherwise) for any Competitor, if such services either (i) are the

same as or similar to (individually or in the aggregate) the services Executive performed for the Company during his employment with the Company, or (ii) are performed with respect to products or services of the Competitor that are competitive with the products or services provided by the Company with which Executive was involved during his employment with the Company or about which he received Confidential Information during his employment with the Company.

(vii) As used in subsection (f)(vi) of Section 7, "Competitor" means any mortgage REIT (i) any mortgage REIT, (ii) any entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities, or (iii) any entity that manages or advises (including any external advisor) either a mortgage REIT or an entity or person engaged in any element of acquiring mortgage backed securities, including any private or public investment firm or broker dealer whose business strategy is based on or who engages in the trading, sales, investment or management of mortgage backed securities. The scope of the covenant set forth in subsection (f)(vi) of Section 7 will be within or with respect to the United States and any other country in which the Company is engaged in business. Executive acknowledges that the Company's technology and products have worldwide application, including without limitation over the Internet and that such geographic scope is therefore reasonable. It is agreed that ownership of no more than 2% of the outstanding voting stock of a publicly traded corporation will not constitute a violation of subsection (f)(vi) of Section 7. It will not be a breach of subsection (f)(vi) of this Section 7 for Executive to engage in the private practice of law at a private law firm following a termination of his employment for any reason, whether or not such practice relates to or includes services performed for a client of such law firm that is a Competitor; provided that Executive is only providing legal services to any such Competitor.

(viii) Corporate Opportunities. Executive agrees that during his employment and for a period of twelve (12) months immediately following the termination of his employment with the Company for any reason, whether with or without cause, Executive will not use opportunities discovered in the course of his employment for his own personal gain or benefit. For example, if, in Executive's capacity as a the Company employee, Executive is approached about or otherwise become aware of a potential investment or other business transaction that may be appropriate for the Company, Executive will not take that opportunity for himself, or share or disclose it to any third party, but rather Executive will bring it to the attention of his manager or other appropriate the Company personnel.

(g) Cooperation with Respect to Litigation. During the Term of Employment and at all times thereafter, Executive agrees to give prompt written notice to the Company of any claim against the Company after becoming aware of such claim and (to the extent reasonably requested by the Company) to reasonably cooperate, in good faith and to the best of his ability, with the Company in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Company. Such cooperation will include all assistance that the Company, its counsel or representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that the Company will promptly reimburse Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this Section 7(g) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Company, such cooperation will not materially interfere with Executive's then current employment.

(h) Remedies.

(i) Executive acknowledges and agrees that the restrictions set forth in this Agreement are critical and necessary to protect the Company's legitimate business interests; are reasonably drawn to this end with respect to duration, scope, and otherwise; are not unduly burdensome; are not injurious to the public interest; and are supported by adequate consideration. Executive agrees that it would be impossible or inadequate to

measure and calculate the Company's damages from any breach of the restrictions set forth herein. Accordingly, Executive agrees that if he breaches or threatens to breach any of such restrictions, the Company will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and to specific performance of any such provision of this Agreement. Executive further agrees that no bond or other security will be required in obtaining such equitable relief and he hereby consents to the issuance of such injunction and to the ordering of specific performance. Executive further acknowledges and agrees that (i) any claim he may have against the Company, whether under this Agreement or otherwise, will not be a defense to enforcement of the restrictions set forth in this Agreement, (ii) the circumstances of his termination of employment with the Company will have no impact on his obligations under this Agreement, and (iii) this Agreement is enforceable by the Company, and its subsidiaries, affiliates, successors and assigns.

(ii) Executive, and the Company, agree and intend that Executive's obligations under this Agreement (to the extent not perpetual) be tolled during any period that Executive is in breach of any of the obligations under this Agreement, so that the Company is provided with the full benefit of the restrictive periods set forth herein.

(iii) Executive also agrees that, in addition to any other remedies available to the Company and notwithstanding any provision of this Agreement to the contrary, in the event Executive breaches in any material respect any of his obligations under this Section 7, the Company may immediately cease all payments under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, all equity-based awards granted under this Agreement may be immediately forfeited, and the Company may require that Executive repay any after-tax amounts previously paid to Executive under Sections 5(a), 5(b), 5(c), 5(e) or 5(m), as applicable, and any stock delivered or other amounts paid (each on an after-tax basis) with respect to any equity-based awards granted under this Agreement.

(iv) Executive and the Company further agree that, in the event that any provision of this Section 7 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision will be deemed to be modified to permit its enforcement to the maximum extent permitted by law. Executive further covenants that Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 7 and that Executive will reimburse the Company and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 7 if either the Company and/or its affiliates prevails on any material issue involved in such dispute or if Executive challenges the reasonableness or enforceability of any of the provisions of this Section 7, it being understood that Executive will not be considered to have challenged the enforceability of this Section 7 by arguing that his conduct did not, in fact, violate the terms of this Section 7. It is also agreed that each of the Company's affiliates will have the right to enforce all of Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 7.

8. Indemnification. The Company will indemnify Executive to the fullest extent permitted by Maryland law as amended from time to time in connection with Executive's duties with the Company, against all costs, expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, penalties, ERISA excise taxes and amounts paid in settlement) actually and reasonably incurred by Executive in connection with an action, suit or proceeding. Expenses incurred by Executive if Executive is a party to a proceeding to which this Section may be applicable will be paid or reimbursed by the Company in advance of the final disposition of the proceeding upon receipt by the Company of (i) a written affirmation of Executive's good faith belief that Executive is entitled to indemnification by the Company pursuant to this Section with respect to such expenses and proceeding, and (ii) a written undertaking by Executive, or on Executive's behalf, to and in favor of the Company, wherein Executive agrees to repay the amount if Executive is determined not to have been entitled to indemnification under this Section. While Executive is an officer of the Company, and for six years thereafter, the Company (or any successor thereto) will provide comprehensive coverage under its officers and directors insurance policy (or policies) on substantially the same terms and levels that it provides to its senior executive officers, at the Company's sole cost.

9. Clawback Policy. Executive agrees that all bonuses, equity compensation and other incentive compensation provided by the Company will be subject to any applicable clawback policy implemented by the Board of Directors from time to time.

10. Inventions

(i) Inventions Retained and Licensed. Executive has attached hereto, as Exhibit B, a list describing all inventions, original works of authorship, developments, improvements and trade secrets which were made by Executive prior to his employment with the Company (collectively referred to as "Prior Inventions"), which relate to the Company's proposed business, products or research and development and which are not assigned to the Company hereunder. If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands and acknowledges that he is not to list such Prior Inventions in Exhibit B but will only disclose a cursory name for each such invention and the fact that full disclosure as to such inventions has not been made for that reason. In Exhibit B, Executive has also indicated which Prior Inventions were made in connection with his employment with Annaly Capital Management Inc. Annaly Capital Management Inc. hereby consents to Executive's disclosure and use of such Prior Inventions for purposes of his employment with the Company. If there are no such Prior Inventions indicated on Exhibit B, Executive represents that there are no such Prior Inventions. If in the course of Executive's employment with the Company, Executive incorporates into any the Company product, service or process a Prior Invention, the Company is hereby granted and will have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(ii) Assignment of Inventions. Executive acknowledges that, during the term of his employment by the Company, Executive may be expected to undertake creative work, either alone or jointly with others, which may lead to inventions, ideas, original works of authorship, developments, concepts, improvements, trade secrets or other intellectual property rights, in each case, whether or not patentable or registrable under patent, copyright or similar laws and including, in each case, tangible embodiment of any of the foregoing ("Inventions"). Executive hereby agrees that all Inventions created during the term of his employment and that is related to the actual or prospective business of the Company or result from work performed by Executive for the Company (whether or not on the Company's premises or using the Company's equipment and materials or during regular business hours) ("Company Inventions") will be a work-for-hire and will be the sole and exclusive property of the Company and, to the extent such Company Inventions are not a work-for-hire, Executive hereby assigns to the Company Investment Corporation all of his right, title and interest in and to any and all such Company Inventions. In addition, any Inventions created within three years after the termination of Executive's employment by the Company which are based upon or derived from Confidential Information or Company Inventions will be the sole and exclusive property of the Company and Executive hereby assigns to the Company all of his right, title and interest in and to any and all such Company Inventions. Nothing in the preceding sentence will be construed to limit Executive's obligations under Section 10 of this Agreement.

(iii) Maintenance of Records. Executive agrees to keep and maintain adequate and current written records of all Company Inventions made by Executive (solely or jointly with others) during the term of Executive's employment with the Company. The records will be in the form of notes, sketches, drawings and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

(iv) Further Assistance. Executive agrees to assist the Company, or its designee, at the Company's or its designee's expense, in every proper way to secure Company's rights, or its designee's rights, in the Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company, or its designee, of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company, or its designee, will deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive rights, title and interest in and to such Company Inventions and any copyrights, patents, mask work rights or other intellectual property rights

relating thereto. Executive further agrees that his obligation to execute or cause to be executed, when it is in his power to do so, any such instrument or papers will continue after the termination of this Agreement. If the Company, or its designee, is unable because of Executive's mental or physical incapacity or for any other reason to secure Executive's signature to apply for or to pursue any application for any United States or foreign patents, copyright registrations or other registrations covering Company Inventions, then Executive hereby irrevocably designates and appoints the Company, or its designee, and its duly authorized officers and agents as his agent and attorney in fact, to act for and in his behalf and stand to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by him. Executive understands and acknowledges that this appointment is coupled with an interest and survives his death or incompetence.

(v) Moral Rights. To the extent not assignable, Executive hereby waives, to the extent permitted by applicable law, any and all claims he may now or hereafter have in any jurisdiction to all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as "moral rights" with respect to all Company Inventions.

(vi) No License. Executive understands and acknowledges that this Agreement does not, and will not be construed to grant him any license or right of any nature with respect to any Company Inventions or Confidential Information.

(vii) Application. Executive agrees that the provisions of subsections (i) of this Section 10 will apply with respect to any and all Inventions, whether created during services to the Company or any predecessor entity, or during any pre-organization period. Executive acknowledges that the Company and its future investors will rely on this representation.

11. Assignability; Binding Nature. This Agreement will inure to the benefit of the Company and Executive and their respective successors, heirs (in the case of Executive) and assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that any such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. This Agreement will not be assignable by Executive; provided however that, in the event of Executive's death or a judicial determination of his incapacity, references to Executive in this Agreement will be deemed, as appropriate, to be references to his heirs, executor(s) or other legal representative(s).

12. Representation. The Company and Executive each represent and warrant that it or he is fully authorized and empowered to enter into this Agreement and that its entering into this Agreement and the performance of its or his obligations under this Agreement will not violate any agreement between to which it or he is a party.

13. Entire Agreement; Inconsistency. This Agreement contains the entire agreement between the Company and Executive concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between them with respect thereto. In the event of any inconsistency between this Agreement and any other plan, program, practice or agreement in which Executive is a participant or a party, whether applicable on the date of this Agreement or at any time thereafter, this Agreement will control unless, with Executive's prior written consent, such other plan, program, practice or agreement specifically refers to this Agreement as not so controlling.

14. Amendment or Waiver. This Agreement can only be changed, modified or amended in a writing that is signed by both Executive and the Company and that specifically identifies the provision(s) of this Agreement that are being changed, modified or amended. No waiver by either the Company or Executive at any time of any

breach by the other party of any condition or provision of this Agreement will be deemed a waiver of a similar or dissimilar condition or provision at the same or at any prior or subsequent time. Any waiver must be in writing and signed by Executive or the Board of Directors, as the case may be.

15. Severability. In the event that any provision or portion of this Agreement will be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law.

16. Reasonableness. To the extent that any provision or portion of this Agreement is determined to be unenforceable by a court of law or equity, that provision or portion of this Agreement will nevertheless be enforceable to the extent that such court determines is reasonable.

17. Survivorship. The respective rights and obligations of the parties hereunder will survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. For the avoidance of doubt, the covenants in Section 7 and the indemnification and insurance provisions of Section 8 of this Agreement will survive any termination or expiration of this Agreement and termination of Executive's employment for any reason.

18. Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto will be governed by and construed in accordance with the laws of the State of New York (without regard to its choice of law provisions), other than rights and obligations (and related claims and disputes) pursuant to Section 8 (Indemnification) which will be governed by Maryland law. Each of the parties agrees that any dispute between the parties will be resolved only in the courts of the State of New York or the United States District Court for the Southern District of New York and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits for himself or itself in any proceeding relating to this Agreement or Executive's employment by the Company or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of New York, the court of the United States of America for the Southern District of New York, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding will be heard and determined in such New York State court or, to the extent permitted by law, in such federal court; (b) consents that any such Proceeding may and will be brought in such courts and waives any objection that he or it may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (c) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or Executive's employment by the Company or any affiliate, or his or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at his or its address as provided in accordance with Section 19; and (e) agrees that nothing in this Agreement will affect the right to effect service of process in any other manner permitted by the laws of the State of New York.

19. Notices. Any notice given to either party will be in writing and will be deemed to have been given when delivered personally, by reputable overnight courier, or when received if sent by certified mail, postage prepaid, return receipt requested, duly addressed to the party concerned, if to the Company, at its principal executive office, and if to Executive, at the address of Executive shown on the Company's records or at such other address as such party may give notice of.

20. Withholding. The Company will be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company determines in its sole discretion to be required to be withheld pursuant to applicable law. The Company will use commercially reasonable efforts to establish a relationship with a broker-dealer to facilitate the sale of shares acquired on the vesting or exercise of any equity or equity-based compensation granted to Executive by the Company to enable

Executive to satisfy all applicable withholding taxes due in connection with such vesting or exercise; provided that if the Company does not establish any such relationship, Executive may satisfy such withholding obligations by instructing the Company to retain shares otherwise deliverable to Executive upon the vesting or exercise of any such equity or equity-based award with a fair market value not exceeding the minimum amount required to be withheld by applicable law.

- 21. Headings. The headings of the Sections contained in this Agreement are for convenience only and will not be deemed to control or affect the meaning or construction of any provision of this Agreement.
- 22. Counterparts. This Agreement may be executed in two or more counterparts. Signatures delivered by facsimile (including by "pdf") will be deemed effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Chimera Investment Corporation

By: /s/ Gerard Creagh
Name: Gerard Creagh
Title: Member of the Compensation Committee

By: /s/ Phillip J. Kardis, II
Name: Phillip J. Kardis, II
Title: General Counsel



Annaly Capital Management, Inc. and Chimera Investment Corporation Announce Internalization of Chimera's Management

Transaction to enable both companies to pursue independent strategies

Separation to drive operational and economic efficiencies for both companies

Internalization ensures continuity of Chimera's experienced management team

NEW YORK – August 5, 2015 – Annaly Capital Management, Inc. (NYSE: NLY) (“Annaly”) and Chimera Investment Corporation (NYSE: CIM) (“Chimera”) today announced that Chimera has entered into an agreement with Fixed Income Discount Advisory Company (“FIDAC”), a wholly-owned subsidiary of Annaly, to internalize the management of Chimera. In connection with the transaction, Chimera will purchase Annaly’s 4.4% stake in Chimera for a purchase price of \$126.4 million (\$14.05 per share). The internalization is effective August 5, 2015.

Annaly and the independent members of the Chimera Board agreed to the internalization in order to facilitate the pursuit of independent strategies at both companies. The internalization also will result in operational and economic efficiencies for Annaly and Chimera, while ensuring continuity of Chimera’s experienced management team. Given the resulting benefits to both companies, no contractual penalties will be associated with the management agreement termination.

“We are proud to have contributed to Chimera’s growth since its inception in 2007,” said Kevin Keyes, President and incoming Chief Executive Officer of Annaly. “This transaction furthers Annaly’s diversification strategy, allowing for more opportunistic capital allocation and resource alignment around our investment initiatives.”

“It is the right time in Chimera’s evolution to internalize management and move forward independently. This move maintains continuity of our management team, while providing strategic, operational and financial benefits that are in our shareholders’ best interests,” stated Chimera Chairman Paul Donlin. “I would like to thank the Annaly team for their partnership, and we look forward to the next phase of Chimera’s growth.”

As a result of the internalization, FIDAC personnel who focus their efforts on Chimera will become employees of Chimera. All of Chimera’s executive officers will remain in place. FIDAC will continue to provide Chimera with infrastructure and personnel assistance while Chimera transitions fully to its independent systems.

Credit Suisse is serving as exclusive financial advisor to Annaly. DLA Piper is legal counsel to Annaly.

Dechert LLP is legal counsel to the independent members of the Chimera Board.

Additional information is also available in Annaly's second quarter 2015 earnings release that is issued today. The earnings release can be accessed on Annaly's website: <http://www.annaly.com/investors/news.aspx>

Additional information is also available in Chimera's second quarter 2015 earnings release that is issued today. The earnings release can be accessed on Chimera's website: <http://www.chimerareit.com/investors/news.aspx>

About Annaly Capital Management, Inc.

Annaly's principal business objective is to generate net income for distribution to its shareholders from its investments. Annaly is a Maryland corporation that has elected to be taxed as a real estate investment trust ("REIT"). Annaly is managed and advised by Annaly Management Company LLC.

About Chimera Investment Corporation

Chimera invests in residential mortgage loans, residential mortgage-backed securities, real estate-related securities and various other asset classes. Chimera's principal business objective is to generate income from the spread between yields on its investments and its cost of borrowing and hedging activities. Chimera is a Maryland corporation that has elected to be taxed as a REIT.

Other Information

For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements for Annaly and Chimera, respectively, see "Risk Factors" in each of Annaly's and Chimera's respective most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. Neither company undertakes, and both specifically disclaim, any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

Contacts:

Annaly Capital Management, Inc.
Investor Relations, 888-8Annaly
www.annaly.com

Chimera Investment Corporation
Investor Relations, 866-315-9930
www.chimerareit.com

Source: Annaly Capital Management, Inc. and Chimera Investment Corporation



PRESS RELEASE

NYSE: CIM

CHIMERA INVESTMENT CORPORATION
 1211 Avenue of the Americas
 New York, New York 10036

FOR FURTHER INFORMATION

Investor Relations
 866-315-9930
www.chimerareit.com

FOR IMMEDIATE RELEASE

CHIMERA INVESTMENT CORPORATION ANNOUNCES INTERNALIZATION OF MANAGEMENT, \$250 MILLION STOCK BUY-BACK PLAN INCLUDING IMMEDIATE REPURCHASE OF SHARES FROM ANNALY AND RELEASES 2nd QUARTER 2015 EARNINGS:

- NET INCOME OF \$116 MILLION OR \$0.57 PER SHARE
- CORE EARNINGS OF \$109 MILLION OR \$0.53 PER SHARE
- GAAP BOOK VALUE OF \$16.73 PER SHARE

New York – August 5, 2015 – Chimera Investment Corporation (NYSE: CIM) (“Chimera” or the “Company”) and Annaly Capital Management, Inc. (“Annaly”) jointly announced that, effective today, Chimera is internalizing its management function. The independent directors on Chimera’s Board agreed to the internalization with Annaly in order to accelerate growth and realize cost efficiencies. Chimera will continue to be led by its key professionals including President and Chief Executive Officer Matthew Lambiasi, Chief Financial Officer Rob Colligan and Chief Investment Officer Mohit Marria. In addition, Chimera’s head of structured products, Choudhary Yarlagadda, was appointed Chief Operating Officer and Phillip J. Kardis II, a partner at the law firm K&L Gates LLP, was appointed General Counsel. All other personnel that focus their efforts on Chimera’s business became employees of Chimera.

“This transaction is an exciting new chapter in the growth of Chimera,” said Matt Lambiasi, Chimera’s President and Chief Executive Officer. “Chimera is strongly positioned to take advantage of the market opportunities in the residential mortgage credit space and the internalization represents an opportune time to transition to a standalone infrastructure company as the portfolio continues to grow. The internalization will ensure continuity of the leadership team while enhancing the Company’s ability to drive shareholder value through a lower cost base, simplified structure and more focused strategy.”

In connection with the internalization, Chimera entered into a transition services agreement with its external manager, Fixed Income Discount Advisory Company (“FIDAC”), a wholly owned subsidiary of Annaly. Under the transition services agreement, FIDAC will continue to provide the Company with certain transition services related to business support through the end of the year. No termination fee was paid by Chimera in connection with internalization.

As part of the agreement, Chimera will purchase Annaly’s 4.4% stake in Chimera for a purchase price of \$126.4 million (\$14.05 per share) as part of a new \$250 million share repurchase program authorized by the Chimera Board. Purchases made pursuant to the program will be made in either the open market or in privately negotiated transactions from time to time as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any repurchases will be determined by the Company in its discretion and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The authorization does not obligate the Company to acquire any particular

amount of common shares and the program may be suspended or discontinued at the Company's discretion without prior notice

2nd Quarter 2015 Financial Results and Highlights

"We continued to make strong progress executing against our strategy in the second quarter. Chimera reduced its Agency portfolio by over \$2.5 billion since the beginning of the year, significantly reducing our interest rate exposure and enhancing our risk profile. The Company continues to produce solid returns while operating at lower leverage and we are well placed to manage any increase in volatility in the quarters ahead," said Mr. Lambiase.

- Net Income of \$116 million, up from \$67 million earned in the 1st quarter of 2015 and \$105 million earned in the 2nd quarter of 2014
- Core earnings of \$0.53 per share down from \$0.59 earned in the 1st quarter of 2015 and up from \$0.41 earned in the 2nd quarter of 2014⁽¹⁾
- Net interest income of \$150 million, down from \$183 million in the 1st quarter of 2015 and up from \$114 million in the 2nd quarter of 2014
- GAAP book value of \$16.73 per share, down from \$17.14 per share for the 1st quarter of 2015 and down from \$16.75 per share in the 2nd quarter 2014
- GAAP book value of \$16.73 per share, down from \$17.14 per share for the 1st quarter of 2015 and down from \$16.75 per share in the 2nd quarter 2014
- Managed assets down to \$15.4 billion from \$16.0 billion at March 31, 2015 based on amortized cost

(1) Core earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding unrealized gains on the aggregate portfolio, impairment losses, realized gains on sales of investments, gain on deconsolidation, extinguishment of debt and certain other non-recurring gains or losses. Core earnings includes interest income and expense as well as realized gains or losses on derivatives used to hedge interest rate risk. Core earnings is provided for purposes of comparability to other peer issuers, but has important limitations. Therefore, core earnings should not be viewed in isolation and is not a substitute for net income or net income per basic share computed in accordance with GAAP.

The Company previously declared a common stock dividend of \$0.48 per share for the quarter ended June 30, 2015. The annualized dividend yield on the Company's common stock for the quarter ended June 30, 2015 was 14%.

Leverage was 3.4:1 and recourse leverage was 2.1:1 at June 30, 2015.

Other Information

Chimera Investment Corporation invests in residential mortgage loans, residential mortgage-backed securities, real estate-related securities and various other asset classes. The Company's principal business objective is to generate income from the spread between yields on its investments and its cost of borrowing and hedging activities. The Company is a Maryland corporation that has elected to be taxed as a real estate investment trust ("REIT").

Please visit www.chimerareit.com and click on Investor Relations for additional information about the Company.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(dollars in thousands, except share and per share data)

	For the Quarter Ended		For the Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Net Interest Income:				
Interest income ⁽¹⁾	\$ 215,804	\$ 134,318	\$ 458,949	\$ 254,985
Interest expense ⁽²⁾	66,044	20,680	126,500	43,105
Net interest income	149,760	113,638	332,449	211,880
Other-than-temporary impairments:				
Total other-than-temporary impairment losses	(2,208)	(3,813)	(3,260)	(4,213)
Portion of loss recognized in other comprehensive income	(24,893)	(1,534)	(31,656)	(2,668)
Net other-than-temporary credit impairment losses	(27,101)	(5,347)	(34,916)	(6,881)
Other investment gains (losses):				
Net unrealized gains (losses) on derivatives	88,028	(22,497)	92,083	(24,695)
Realized gains (losses) on terminations of interest rate swaps	(31,124)	-	(99,703)	-
Net realized gains (losses) on derivatives	(16,777)	(19,792)	(58,863)	(25,540)
Net gains (losses) on derivatives	40,127	(42,289)	(66,483)	(50,235)
Net unrealized gains (losses) on financial instruments at fair value	(37,260)	5,791	(47,685)	20,801
Net realized gains (losses) on sales of investments	9,685	(4,339)	39,250	4,038
Gain on deconsolidation	-	47,846	-	47,846
Gains (losses) on Extinguishment of Debt	5,079	-	5,079	(2,184)
Total other gains (losses)	17,631	7,009	(69,839)	20,266
Other expenses:				
Management fees	10,196	6,271	20,522	12,492
Expense recoveries from Manager	(4,652)	(2,164)	(5,765)	(2,845)
Net management fees	5,544	4,107	14,757	9,647
General and administrative expenses	18,559	6,424	29,708	10,479
Total other expenses	24,103	10,531	44,465	20,126
Income before income taxes	116,187	104,769	183,229	205,139
Income taxes	-	-	1	2
Net income	\$ 116,187	\$ 104,769	\$ 183,228	\$ 205,137
Net income per share available to common shareholders:				
Basic	\$ 0.57	\$ 0.51	\$ 0.89	\$ 1.00
Diluted	\$ 0.57	\$ 0.51	\$ 0.89	\$ 1.00
Weighted average number of common shares outstanding:				
Basic	205,492,089	205,441,790	205,509,782	205,447,127
Diluted	205,579,639	205,506,890	205,573,297	205,512,291
Comprehensive income (loss):				
Net income	\$ 116,187	\$ 104,769	\$ 183,228	\$ 205,137
Other comprehensive income:				
Unrealized gains (losses) on available-for-sale securities, net	(117,742)	100,647	(137,654)	138,150
Reclassification adjustment for net losses included in net income for other-than-temporary credit impairment losses	27,101	5,347	34,916	6,881
Reclassification adjustment for net realized losses (gains) included in net income	(10,059)	37	(39,135)	(8,340)
Reclassification adjustment for gain on deconsolidation included in net income	-	(47,846)	-	(47,846)
Other comprehensive income (loss)	(100,700)	58,185	(141,873)	88,845
Comprehensive income	\$ 15,487	\$ 162,954	\$ 41,355	\$ 293,982

(1) Includes interest income of consolidated VIEs of \$146,900 and \$85,262 for the quarters ended June 30, 2015 and 2014, respectively. Includes interest income of consolidated VIEs of \$297,518 and \$170,473 for the six months ended June 30, 2015 and 2014, respectively. See Note 8 for further discussion.

(2) Includes interest expense of consolidated VIEs of \$50,426 and \$17,176 for the quarters ended June 30, 2015 and 2014, respectively. Includes interest expense of consolidated VIEs of \$97,179 and \$37,875 for the six months ended June 30, 2015 and 2014, respectively. See Note 8 for further discussion.

See accompanying notes to consolidated financial statements.

The following tables provide a summary of the Company's RMBS portfolio at June 30, 2015 and December 31, 2014.



June 30, 2015					
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Par Value	Weighted Average Coupon	Weighted Average Yield at Period-End (1)
Non-Agency RMBS					
Senior	\$ 3,753,554	\$ 57.11	\$ 78.81	3.8%	17.1%
Senior, interest-only	\$ 6,368,813	\$ 4.55	\$ 4.28	1.5%	11.6%
Subordinated	\$ 998,109	\$ 39.06	\$ 69.28	3.2%	7.5%
Subordinated, interest-only	\$ 300,327	\$ 5.72	\$ 5.00	1.3%	10.6%
Agency MBS					
Residential pass-through	\$ 5,086,019	\$ 105.28	\$ 104.89	3.9%	3.2%
Commercial pass-through	\$ 660,438	\$ 101.96	\$ 101.06	3.4%	3.1%
Interest-only	\$ 6,761,116	\$ 4.44	\$ 4.39	0.9%	3.7%

(1) Bond Equivalent Yield at period-end.

December 31, 2014					
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Par Value	Weighted Average Coupon	Weighted Average Yield at Period-End (1)
Non-Agency RMBS					
Senior	\$ 3,425,362	\$ 55.09	\$ 79.63	4.3%	15.9%
Senior, interest-only	\$ 5,221,937	\$ 4.25	\$ 3.97	1.6%	14.4%
Subordinated	\$ 690,599	\$ 30.18	\$ 65.79	3.1%	10.6%
Subordinated, interest-only	\$ 216,403	\$ 4.43	\$ 3.14	0.9%	9.2%
Agency MBS					
Pass-through	\$ 7,774,266	\$ 104.96	\$ 106.19	4.0%	3.2%
Interest-only	\$ 3,884,523	\$ 4.89	\$ 4.79	0.9%	3.1%

(1) Bond Equivalent Yield at period-end.

At June 30, 2015 and December 31, 2014, the repurchase agreements collateralized by RMBS had the following remaining maturities.

	June 30, 2015	December 31, 2014
	(dollars in thousands)	
Overnight	\$ -	\$ -
1 to 29 days	1,760,117	2,652,717
30 to 59 days	2,205,982	1,371,856
60 to 89 days	1,195,784	656,915
90 to 119 days	262,226	2,068,740
Greater than or equal to 120 days	1,389,722	1,705,153
Total	\$ 6,813,831	\$ 8,455,381

The following table summarizes certain characteristics of our portfolio at June 30, 2015 and December 31, 2014.

	June 30, 2015	December 31, 2014
Interest earning assets at period-end (1)	\$ 15,444,543	\$ 17,170,998
Interest bearing liabilities at period-end	\$ 11,704,320	\$ 13,550,659
Leverage at period-end	3.4:1	3.8:1
Leverage at period-end (recourse)	2.1:1	2.6:1
Portfolio Composition, at amortized cost		
Non-Agency RMBS	10.1%	5.1%
Senior	4.0%	1.5%
Senior, interest only	2.0%	1.4%
Subordinated	4.0%	2.2%
Subordinated, interest only	0.1%	0.1%
RMBS transferred to consolidated VIEs	10.8%	10.3%
Agency MBS	43.7%	52.1%
Residential	37.0%	50.9%
Commercial	4.7%	N/A
Interest-only	2.1%	1.2%
Securitized loans held for investment	35.4%	32.5%
Fixed-rate percentage of portfolio	84.5%	92.5%
Adjustable-rate percentage of portfolio	15.5%	7.5%
Annualized yield on average interest earning assets for the year ended	6.2%	6.9%
Annualized cost of funds on average borrowed funds for the year ended (2)	2.4%	2.5%

(1) Excludes cash and cash equivalents.

(2) Includes the effect of realized losses on interest rate swaps.

The tables below present the adjustments to GAAP book value that we believe are necessary to adequately reflect our calculation of estimated economic book value as of June 30, 2015 and December 31, 2014.

June 30, 2015
(dollars in thousands, except per share data)

GAAP Book Value	\$ 3,440,065
GAAP Book Value per Share	\$ 16.73
<u>Economic Adjustments:</u>	
Assets of Consolidated VIEs	(7,547,572)
Non-Recourse Liabilities of Consolidated VIEs	4,890,489
Interests in VIEs eliminated in consolidation	2,411,745
Total Adjustments - Net	(245,338)
Total Adjustments - Net (per share)	1.19
Economic Book Value	\$ 3,194,727
Economic Book Value per Share	\$ 15.54

December 31, 2014
(dollars in thousands, except per share data)

GAAP Book Value	\$ 3,607,690
GAAP Book Value per Share	\$ 17.55
<u>Economic Adjustments:</u>	
Assets of Consolidated VIEs	(7,798,794)
Non-Recourse Liabilities of Consolidated VIEs	5,095,278
Interests in VIEs eliminated in consolidation	2,367,953
Total Adjustments - Net	(335,563)
Total Adjustments - Net (per share)	1.65
Economic Book Value	\$ 3,272,127
Economic Book Value per Share	\$ 15.90

The table below shows our average earning assets held, interest earned on assets, yield on average interest earning assets, average debt balance, economic interest expense, economic average cost of funds, economic net interest income, and net interest rate spread for the periods presented.

	For the Quarter Ended					
	June 30, 2015			June 30, 2014		
	(dollars in thousands)					
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:						
Interest-earning assets (1):						
Agency RMBS	\$ 6,360,739	\$ 44,821	2.8%	\$ 3,351,225	\$ 29,217	3.5%
Non-Agency RMBS	1,322,212	25,651	7.8%	829,490	19,835	9.6%
Non-Agency RMBS transferred to consolidated VIEs	1,593,971	68,885	17.3%	1,934,640	76,898	15.9%
Jumbo Prime securitized residential mortgage loans held for investment	559,150	6,250	4.5%	740,122	8,364	4.5%
Seasoned sub-prime securitized residential mortgage loans held for investment	4,518,897	71,765	6.4%	-	-	0.0%
Total	\$ 14,354,969	\$ 217,372	6.1%	\$ 6,855,477	\$ 134,314	7.8%
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Agency repurchase agreements (2)	\$ 5,395,795	\$ 16,580	1.2%	\$ 2,883,892	\$ 14,788	2.1%
Non-Agency repurchase agreements	1,508,721	8,069	2.1%	170,844	777	1.8%
Securitized debt, collateralized by Non-Agency RMBS	648,437	9,218	5.7%	807,913	10,865	5.4%
Securitized debt, collateralized by jumbo prime residential mortgage loans	447,975	5,157	4.6%	620,923	6,311	4.1%
Securitized debt, collateralized by seasoned sub-prime residential mortgage loans	3,799,069	36,050	3.8%	-	-	-
Total	\$ 11,799,997	\$ 75,074	2.5%	\$ 4,483,572	\$ 32,741	2.9%
Net economic interest income/net interest rate spread		\$ 142,298	3.6%		\$ 101,573	4.9%
Net interest-earning assets/net interest margin	\$ 2,554,972		4.0%	\$ 2,371,905		5.9%
Ratio of interest-earning assets to interest bearing liabilities	1.22			1.53		

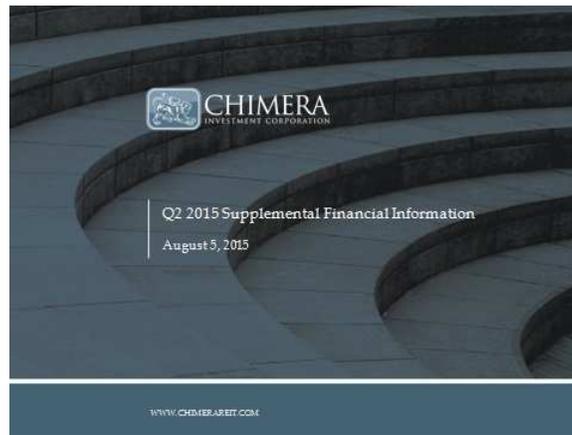
(1) Interest-earning assets at amortized cost

(2) Interest includes cash paid on swaps

	For the Six Months Ended					
	June 30, 2015			June 30, 2014		
	(dollars in thousands)					
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:						
Interest-earning assets (1):						
Agency RMBS	\$ 6,971,459	\$ 112,607	3.2%	\$ 2,647,226	\$ 45,257	3.4%
Non-Agency RMBS	1,155,600	50,075	8.7%	795,323	39,247	9.9%
Non-Agency RMBS transferred to consolidated VIEs	1,613,824	137,068	17.0%	1,981,636	154,309	15.6%
Jumbo Prime securitized residential mortgage loans held for investment	583,898	14,253	4.9%	757,597	16,164	4.3%
Seasoned sub-prime securitized residential mortgage loans held for investment	4,530,459	146,196	6.5%	-	-	-
Total	\$ 14,855,240	\$ 460,199	6.2%	\$ 6,181,782	\$ 254,977	8.3%
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Agency repurchase agreements (2)	\$ 6,292,257	\$ 39,240	1.2%	\$ 2,273,023	\$ 22,164	2.0%
Non-Agency repurchase agreements	1,313,781	14,278	2.2%	86,371	777	1.8%
Securitized debt, collateralized by Non-Agency RMBS	667,263	17,165	5.1%	849,852	26,019	6.1%
Securitized debt, collateralized by jumbo prime residential mortgage loans	472,649	10,498	4.4%	637,275	11,856	3.7%
Securitized debt, collateralized by seasoned sub-prime residential mortgage loans	3,822,168	69,516	3.6%	-	-	0.0%
Total	\$ 12,568,118	\$ 150,697	2.4%	\$ 3,846,521	\$ 60,816	3.2%
Net economic interest income/net interest rate spread		\$ 309,502	3.8%		\$ 194,161	5.1%
Net interest-earning assets/net interest margin	\$ 2,287,122		4.2%	\$ 2,335,260		6.3%
Ratio of interest-earning assets to interest bearing liabilities	1.18			1.61		

(1) Interest-earning assets at amortized cost

(2) Interest includes cash paid on swaps

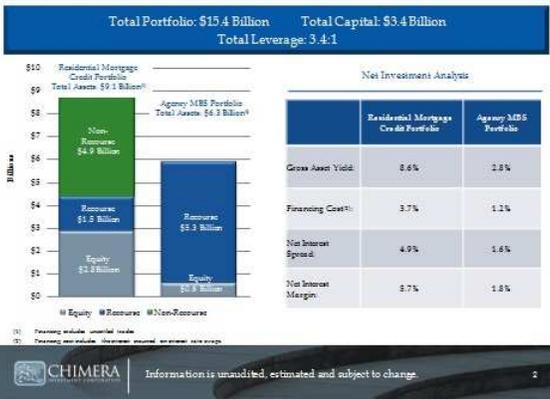


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Disclaimer

This material is not intended to be exhaustive, is preliminary in nature and may be subject to change. In addition, much of the information contained herein is based on various assumptions (some of which are beyond the control of Chimera Investment Corporation, the "Company") and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "would," "projected," "will" or similar expressions, or variations on those terms or the negative of those terms. The Company's forward-looking statements are subject to numerous risks, uncertainties and other factors. Furthermore, none of the financial information contained in this material has been audited or approved by the Company's independent registered public accounting firm.

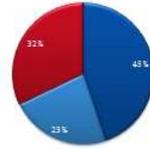
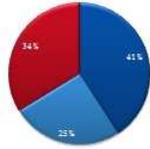
Portfolio Composition as of June 30, 2015



GAAP Asset Allocation: Quarter Over Quarter Comparison⁽¹⁾

June 30, 2015

March 31, 2015



■ Agency RMBS ■ Non-Agency RMBS ■ Securitized Loan Portfolio

■ Agency RMBS ■ Non-Agency RMBS ■ Securitized Loan Portfolio

Total Portfolio: \$15.4 Billion

Total Portfolio: \$16.0 Billion

(1) Based on Fair Value

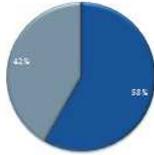


Information is unaudited, estimated and subject to change.

GAAP Financing Sources: Quarter Over Quarter Comparison

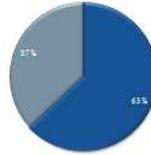
June 30, 2015

March 31, 2015



Repurchase Agreements, RMBS
(1) Non-Resourse Debt, Securitized RMBS and Loans (1)

Total Financing: \$11.7 Billion



Repurchase Agreements, RMBS
(1) Non-Resourse Debt, Securitized RMBS and Loans (1)

Total Financing: \$13.2 Billion

(1) Generalizable to RMBS and loan structures sold in the prior



Information is unaudited, estimated and subject to change.

Agency & Repo Summary

(\$ in thousands)

Agency Pass-Throughs - As of June 30, 2015				Agency Pass-Throughs - As of March 31, 2015			
Coupon	Current Pass	Weighted Average Price	Weighted Average CTR	Coupon	Current Pass	Weighted Average Price	Weighted Average CTR
3.50%	\$1,928,081	102.8	7.9	3.50%	\$1,904,545	105.0	10.1
4.00%	2,720,820	108.6	21.8	4.00%	3,682,424	106.7	13.3
4.50%	457,100	108.2	20.6	4.50%	479,926	109.0	18.7
Total	\$5,088,001			Total	\$6,044,900		

Repo Days to Maturity - As of June 30, 2015				Repo Days to Maturity - As of March 31, 2015			
Maturity	Principal Balance(\$)	Weighted Average Rate	Weighted Average Days	Maturity	Principal Balance(\$)	Weighted Average Rate	Weighted Average Days
Within 30 days	\$1,259,902	0.44%		Within 30 days	\$2,028,200	0.58%	
30 to 59 days	1,872,485	0.40%		30 to 59 days	215,164	0.43%	
60 to 89 days	978,488	0.47%		60 to 89 days	683,197	0.46%	
90 to 360 days	1,111,396	0.48%		90 to 360 days	299,398	0.51%	
Over 360 days	300,000	1.00%		Over 360 days	300,000	1.00%	
Total	\$5,280,231	0.43%	37	Total	\$6,321,959	0.43%	33

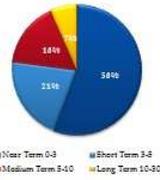
(1) Repo financing not reduced for changes of unsecured notes

Interest Rate Sensitivity as of June 30, 2015

Agency, Swap and Derivative Portfolio

Description (in thousands)		+100 Basis Points	-50 Basis Points	1x/2x/4x/8x	-50 Basis Points	+100 Basis Points
Agency	Market Value	\$5,047,216	\$5,189,712	\$5,221,566	\$5,443,721	\$5,522,967
Pass-Through	Percentage Change	(5.4%)	(2.4%)	-	2.0%	3.3%
Swap	Market Value	143,888	72,669	(21,199)	(75,992)	(144,026)
	Percentage Change	3.2%	2.0%	-	(0.8%)	(0.9%)
Options	Market Value	46,166	56,104	1,611	(21,629)	(49,065)
	Percentage Change	0.8%	0.1%	-	(0.4%)	(0.9%)
Net Gain/(Loss)		(\$66,482)	(\$10,722)	\$0	\$40,283	\$28,729
Percentage Change in Portfolio Value ⁽¹⁾		(0.2%)	(0.2%)	-	0.8%	0.7%

Hedge Book Maturities



(1) Potential Percentage Change in Portfolio Value is based on assumptions of a move in interest rates.

Consolidated RMBS & Loan Securitizations

Vintage	Deal	Type	At Balance / Acquisition			As of June 30, 2015		
			Total Original Face	Total of Tranches Sold	Total of Tranches Retained	Total Remaining Face	Remaining Face of Tranches Sold	Remaining Face of Tranches Retained
2013	Whole Loan Securitization	CMAC 2013-18-C	\$246,771	\$201,993	\$207,744	\$246,771	\$201,993	\$207,744
2013	Whole Loan Securitization ⁽¹⁾	CMAC 2013-14-C	\$277,778	\$76,898	\$2,777	\$292,224	\$26,247	\$2,777
2014	Whole Loan Securitization ⁽²⁾	CMAC 2014-01-1	\$33,860	\$29,456	4,209	\$25,274	\$2,777	41,790
2013-2015	Whole Loan Securitization	SLPMT 2013-2A	792,247	418,210	177,127	705,282	\$97,928	197,218
2013-2015	Whole Loan Securitization	SLPMT 2013-2A	\$76,160	\$73,680	\$23,300	\$76,432	\$94,650	\$29,873
2013-2015	Whole Loan Securitization	SLPMT 2013-2A	\$92,423	\$42,881	\$2,749	\$29,728	\$91,087	\$1,648
2013-2015	Whole Loan Securitization	SLPMT 2013-2A	1,040,813	1,024,189	24,217	\$91,205	\$43,221	\$4,873
2013-2015	Whole Loan Securitization	SLPMT 2013-2A	483,410	477,456	8,954	484,956	489,180	5,800
2014	RMBS Securitization ⁽³⁾	CMAC - 2014-02	\$47,271	-	\$47,271	\$17,296	-	\$17,296
2015	Whole Loan Securitization	CMAC - 2015-01-1	743,929	743,910	\$1,129	129,779	126,921	\$1,858
2015	Whole Loan Securitization	CMAC - 2015-01-2	428,091	424,281	2,810	122,734	\$2,997	\$19,737
2015	Whole Loan Securitization	CMAC - 2015-01-3	\$29,896	\$29,826	\$1,052	\$90,228	\$69,261	\$21,044
2015	RMBS Securitization	CMAC - 2015-12	1,720,891	691,420	1,028,991	779,460	\$7,710	721,750
2015	RMBS Securitization	CMAC - 2015-11B	\$66,471	\$32,299	\$26,272	\$28,279	\$21,922	\$24,687
2009	RMBS Securitization	CMAC - 2009-12B	1,720,695	913,966	\$813,121	727,592	178,947	\$81,956
2009	RMBS Securitization	SPAC - 2009-7	2,822,474	2,846,823	648,229	\$427,292	\$28,689	\$12,281
2009	RMBS Securitization	SPAC - 2009-81	281,543	192,820	\$89,243	113,747	\$4,112	41,424
2009	RMBS Securitization	SPAC - 2009-7	1,822,474	1,846,823	648,229	\$2,881	\$1,222	\$1,248
TOTAL			\$11,242,025	\$9,403,389	\$3,946,917	\$6,025,796	\$4,992,771	\$1,032,987
			% of originator remaining			27%	23%	77%

(1) Excludes two deals from originator's portfolio of September 2013-14.
 (2) Excludes two deals from originator's portfolio of September 2013-14.
 (3) Excludes two deals from originator's portfolio of October 2013-14.



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