

Invesco Mortgage Capital Inc.  
Form DEF 14A  
March 18, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary proxy statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**Invesco Mortgage Capital Inc.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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A Letter to Our Stockholders

**Our financial results**

For detailed information regarding our financial results, see our 2015 Annual Report on Form 10-K available at [www.invescomortgagecapital.com](http://www.invescomortgagecapital.com).

Dear Fellow Stockholder:

During 2015, our company delivered attractive investment income and achieved further reductions in book value volatility consistent with management's value proposition to stockholders. In a challenging market environment our company continued to position for the future and deployed capital in the best interests of stockholders through dividends and stock repurchases.

All members of the Board are very cognizant of the fact that we are here because you have entrusted us to be stewards of your investment. I would like to take this opportunity to highlight below a few of the many areas in which the Board focuses its attention.

**We are committed to strong governance.** For more information regarding our corporate governance practices, see **Corporate Governance** beginning on page 8.

**Board Composition and Effectiveness.** The Board remains committed to ensuring that it is composed of a highly capable group of directors who are well-equipped to oversee the success of the company and effectively represent the interests of our stockholders.

We encourage you to review the qualifications, skills and experience that we have identified as important attributes for directors of our Company and how they match up to each of our directors.

It has always been the aim of the Board to operate in the most efficient and effective manner possible. Therefore, each year the Board, with the assistance of an external advisor, conducts an evaluation of the performance of our Board and each of its committees. Directors complete a detailed questionnaire regarding the Board, participate in one-on-one interviews with the advisor, receive in-person feedback from the advisor based on the questionnaire and interviews, and determine ways in which the Board can modify its activities to further enhance the operations of the Board and its committees.

**We are externally managed and our executive officers are compensated by our manager.** For more information regarding our manager's executive compensation programs, see **Compensation Discussion and Analysis** beginning on page 17.

**Executive Compensation and Our Management Agreement.** We pay a fee to our manager, Invesco Advisers, Inc., to manage your company; we have no direct employees. Our manager, in turn, manages and determines compensation of its employees, including our executive officers. Our manager does, however, consult with your Board in an annual discussion of the philosophy, process, and structure of executive compensation. Accordingly, your board has the opportunity to understand the compensation of its executives and satisfy ourselves that they are not inconsistent with stockholder interests.

In addition, each year the Board's independent directors engage in a review of the management agreement with our manager in the context of a review of peer company management fees. The Board is focused on ensuring that the management fee remains appropriate and in-line with market practices.

**We are committed to stockholder engagement and encourage an open dialogue.** For more information on how to communicate with our Board, see **Important Additional Information** beginning on page 36.

**Stockholder Outreach and Communicating with the Board.** As we conduct the activities of the Board, a key priority is ensuring robust outreach and engagement with you, the owners of the Company. The Board is committed to stockholder engagement and encourages an open dialogue. Please continue to share your thoughts with us on any topic as we value your input, investment and support. The Board has established a process to facilitate communication by stockholders with Board members. Communications can be addressed to the Board of Directors in care of the Office of the Secretary, Invesco Mortgage Capital Inc., 1555 Peachtree Street NE, Atlanta, Georgia 30309 or by e-mail to [company.secretary@invescomortgagecapital.com](mailto:company.secretary@invescomortgagecapital.com).

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summary**

For a convenient overview of the matters to be voted on at our Annual Meeting, see **Proxy Statement Summary** beginning on page 1.

**Annual Meeting Invitation.** You are cordially invited to attend the 2016 Annual Meeting of Stockholders of Invesco Mortgage Capital, which will be held on Wednesday, May 4, 2016, at 2:00 p.m., Eastern Time, in the Appalachians Room, 18th Floor, at Invesco's Global Headquarters, located at 1555 Peachtree Street N.E., Atlanta, Georgia 30309.

**Your vote is important and we encourage you to vote promptly.** Whether or not you are able to attend the meeting in person, please follow the instructions contained in the Notice of Internet Availability of Proxy Materials ( Notice ) on how to vote via the Internet or via the toll-free telephone number, or request a paper proxy card to complete, sign and return by mail so that your shares may be voted.

On behalf of the Board of Directors, I extend our appreciation for your continued support.

Sincerely,

James S. Balloun

Chairman

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Notice of 2016 Annual Meeting of Stockholders

To our Stockholders:

The 2016 Annual Meeting of Stockholders of Invesco Mortgage Capital Inc. will be held at the following location and for the following purpose:

<b>When</b>	Wednesday, May 4, 2016, at 2:00 p.m., Eastern Time
<b>Where</b>	Invesco Mortgage Capital Inc.'s Headquarters Appalachians Room, 18th Floor 1555 Peachtree Street N.E. Atlanta, Georgia 30309
<b>Items of business</b>	<ol style="list-style-type: none"><li>1 To elect six (6) directors to the Board of Directors to hold office until the annual meeting of stockholders in 2017;</li><li>2 To hold an advisory vote to approve the company's executive compensation;</li><li>3 To appoint PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for the fiscal year ending December 31, 2016; and</li><li>4 To consider and act upon such other business as may properly come before the meeting or any adjournment thereof.</li></ol>
<b>Who can vote</b>	Only holders of record of our common stock on March 7, 2016 are entitled to notice of and to attend and vote at the Annual Meeting and any adjournment or postponement thereof.

**Review your Proxy Statement and vote in one of four ways:**

**Via the Internet**

Visit the web site listed  
on your Notice

**By mail**

Sign, date and return  
a requested proxy card



**By telephone**

Call the telephone number  
listed on your Notice

**In person**

Attend the Annual  
Meeting of Stockholders  
in Atlanta, Georgia

By Order of the Board of Directors,

Robert H. Rigsby, Secretary

Atlanta, Georgia

March 18, 2016

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This summary highlights selected information in this Proxy Statement. Please review the entire Proxy Statement and the company's Annual Report on Form 10-K for the year ended December 31, 2015 before voting.

**Matters for stockholder voting**

At this year's Annual Meeting, we are asking our stockholders to vote on the following matters:

<b>Proposal</b>	<b>Board vote recommendation</b>	<b>For more information:</b>
1 Election of directors	FOR	See further below in this summary and page 3 for details
2 Advisory vote to approve the company's executive compensation	FOR	See page 27 for details
3 Appointment of PricewaterhouseCoopers LLP for 2016	FOR	See page 28 for details

**Election of directors**

You are being asked to cast votes for six directors, Messrs. James S. Balloun, John S. Day, Edward J. Hardin, James R. Lientz, Jr., Gregory G. McGreevey and Ms. Karen Dunn Kelley, each for a one year term expiring in 2017. This proposal requires for each

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person the affirmative vote of a majority of votes cast at the Annual Meeting.  
Immediately below is information regarding the directors standing for election.

**Key:** **A** Audit Chairman    **C** Compensation    **NCG** Nomination and corporate governance    **M** Member    **Ch** Chairman

Name	Age	since	Independent	Other public boards	Committee memberships			Director qualifications		
					A	C	NCG	A	C	Ch
James S. Balloun	77	2009	ü	0	M	M	M	n	n	n
John S. Day	67	2009	ü	0	Ch	M	M	n	n	n
Karen Dunn Kelley	55	2008		0				n	n	n
Edward J. Hardin	73	2014	ü	1	M	M	Ch	n		n n
James R. Lientz, Jr.	72	2012	ü	0	M	Ch	M	n	n	n
Gregory G. McGreevey <sup>1</sup>	53			0				n	n	
G. Mark Armour <sup>2</sup>	62	2008		0				n	n	n

1 Mr. McGreevey is a new nominee to the Board of Directors, and his service on the Board will commence upon his election at the 2016 Annual Meeting of Stockholders.

2 In connection with his planned retirement from Invesco Ltd. at the end of 2016, Mr. Armour has decided not to stand for re-election to our Board of Directors.

The table above highlights certain skills, knowledge or experiences of our directors. The Board believes that all of the directors are highly qualified. As the table above and biographies below show, the directors have the significant leadership and professional experience, knowledge and skills necessary to provide effective oversight and guidance for the company's strategy and operations. As a group, they represent diverse views, experiences and backgrounds. All the directors satisfy the criteria set forth in our Corporate Governance Guidelines and possess the characteristics that are essential for the proper functioning of our Board.

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**Governance highlights**

<b>Independence</b>	<p>4 out of our 6 current directors are independent. All of our Board committees are composed exclusively of independent directors.</p>
<b>Independent chairman</b>	<p>We have an independent Chairman of our Board of Directors, selected by the independent directors. The Chairman serves as liaison between management and the other independent directors.</p>
<b>Executive sessions</b>	<p>The independent directors regularly meet in private without management. The Chairman presides at these executive sessions.</p>
<b>Board oversight of risk management</b>	<p>Our Board has principal responsibility for oversight of the company's risk management process and understanding of the overall risk profile of the company.</p>
<b>Stock ownership requirements</b>	<p>Our non-executive directors must hold at least 12,500 shares of company common stock within five years of joining the Board. Our CEO must hold at least 60,000 shares of company common stock. All other executive officers have share ownership requirements.</p>
<b>Board practices</b>	<p>Our Board annually reviews its effectiveness as a group, responding to a questionnaire and one-on-one interviews coordinated by an independent external advisor that reports</p>



	results of the annual review to the Board. Nomination criteria are adjusted as needed to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience.
<b>Accountability</b>	Directors must be elected annually by a majority of votes cast.
<b>Insider trading restrictions</b>	Our insider trading policy prohibits short selling, dealing in publicly-traded options and hedging or monetization transactions in our equity securities.

**Additional information regarding the Annual Meeting**

Please see **General Information Regarding the Annual Meeting** beginning on page 32 for important additional information regarding the Annual Meeting.

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Proxy Statement

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Invesco Mortgage Capital Inc. ( Board or Board of Directors ) for the Annual Meeting of Stockholders to be held on Wednesday, May 4, 2016, at 2:00 p.m. eastern time. Please review the entire Proxy Statement and the company's 2015 Annual Report on Form 10-K before voting. In this Proxy Statement, except where the context suggests otherwise, the terms company, we, us, and our refer to Invesco Mortgage Capital Inc., together with its consolidated subsidiaries, including IAS Operating Partnership LP, which we refer to as our operating partnership ; our manager refers to Invesco Advisers, Inc., our external manager; Invesco refers to Invesco Ltd., together with its consolidated subsidiaries, the indirect parent company of our manager.

Proposal No. 1 Election of Directors

**General**

Our Board of Directors currently has six directors, each of whom is serving a term of office that continues until the Annual Meeting in 2016, or until such director's successor has been duly elected and qualified, or such director is removed from office or such director's office is otherwise earlier vacated.

The Board has nominated James S. Balloun, John S. Day, Edward J. Hardin, Karen Dunn Kelley, James R. Lientz, Jr. and Gregory G. McGreevey for election as directors of the company for a term ending at the 2017 Annual Meeting. As previously announced, in connection with his planned retirement from Invesco at the end of 2016, Mr. Armour has decided not to stand for re-election to our Board of Directors. Gregory G. McGreevey is a new director nominee. The Board is excited to welcome Greg to its membership following the 2016 Annual Meeting and believes that Greg possesses the skills and qualifications to make a significant contribution to our Board. Further information regarding the nominees is shown on the following pages. Each nominee has indicated to the company that he or she would serve if elected. We do not anticipate that any of our director nominees would be unable to stand for election, but if that were to happen, the Board may reduce the size of the Board, designate a substitute or leave a vacancy unfilled. If a substitute is designated, proxies voting on the original director candidate will be cast for the substituted candidate.

Under our Bylaws, at any meeting held for the purpose of electing directors at which a quorum is present, each director nominee receiving a majority of the votes cast with respect to such nominee at the meeting will be elected as a director. If a nominee for director who is an incumbent director is not elected and no successor has been elected at the meeting, the director is required under our Bylaws to submit his or her