

Invesco Mortgage Capital Inc.  
Form DEF 14A  
March 16, 2018  
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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

Dear Fellow Stockholder:

**Our financial results**

For detailed information regarding our financial results, see our 2017 Annual Report on Form 10-K available at [www.invescomortgagecapital.com](http://www.invescomortgagecapital.com).

During 2017, our company's diversified strategy continued to deliver strong economic returns. We increased our common stock dividend twice during 2017 and continue to be confident in the strength of the credit profile of our portfolio.

All members of the Board are aware that we are charged with serving the collective interests of you, the stockholders, and that we serve at your pleasure. I would like to take this opportunity to highlight below a few of the many areas in which the Board focused its attention in 2017.

**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. This year, we added three new members to the Board, Carolyn Handlon, Dennis Lockhart, and Colin Meadows, as both our former Chair of the Board, Jim Balloun, and our long-time director, Karen Dunn Kelley, retired from the Board. The addition of these directors has provided the Board with new qualifications and perspectives and has also increased our diversity. I was honored to assume the role of Chair of the Board last August as Mr. Balloun prepared for his retirement in November. 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.

Each year the Board, with the assistance of an external advisor specializing in corporate governance, conducts an evaluation of the performance of our Board and each of its committees. Directors participate in one-on-one confidential interviews with the advisor and the Board as a group receives in-person feedback from the advisor based on those interviews. This information assists the Board in assessing how it can continue to improve its performance.

**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 18.

**Executive Compensation and Our Management Agreement.** We pay a fee to our external manager 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 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.

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**We are committed to stockholder engagement.**

For more information on how to communicate with our Board, see **Important Additional Information** beginning on page 35.

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

**Stockholder Engagement and Communicating with the Board.** As we conduct the activities of the Board, a key priority is ensuring robust engagement with you, the owners of the Company. 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).

**Annual Meeting Invitation.** You are cordially invited to attend the 2018 Annual Meeting of Stockholders of Invesco Mortgage Capital, which will be held on Wednesday, May 2, 2018, at 2:00 p.m., Eastern Time, 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,

Edward J. Hardin  
Chairperson

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Notice of 2018 Annual Meeting of Stockholders

To our Stockholders:

The 2018 Annual Meeting of Stockholders of Invesco Mortgage Capital Inc. will be held at the following location and for the following purpose:

**When** Wednesday, May 2, 2018, at 2:00 p.m., Eastern Time

**Where** 1555 Peachtree Street N.E.  
Atlanta, Georgia 30309

- Items of business**
- 1 To elect seven (7) directors to the Board of Directors to hold office until the annual meeting of stockholders in 2019;
  - 2 To hold an advisory vote to approve the company's executive compensation;
  - 3 To appoint PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for the fiscal year ending December 31, 2018; and
  - 4 To consider and act upon such other business as may properly come before the meeting or any adjournment thereof.

**Who can vote** Only holders of record of our common stock on March 5, 2018 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:**

<b>Via the Internet</b>	<b>By mail</b>
Visit the web site listed on your Notice	Sign, date and return a requested proxy card
<b>By telephone</b>	<b>In person</b>
Call the telephone number listed on your Notice	Attend the Annual Meeting of Stockholders in Atlanta, Georgia

By Order of the Board of Directors,

Robert H. Rigsby, Secretary



March 16, 2018

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Proxy Statement Summary

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, 2017 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 executive compensation	FOR	See page 27 for details
3 Appointment of PricewaterhouseCooper LLP for 2018	FOR	See page 28 for details

**Election of directors**

You are being asked to cast votes for seven directors, Mr. John S. Day, Ms. Carolyn B. Handlon, Mr. Edward J. Hardin, Mr. James R. Lientz, Jr., Mr. Dennis P. Lockhart, Mr. Gregory G. McGreevey and Mr. Colin D. Meadows, each for a one year term expiring in 2019. This proposal requires for each 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 Member    **C** - Compensation    **NCG** - Nomination and Corporate Governance    **M** - Chairperson

**Director qualifications**  
**Committee**  
**memberships**

<b>Name</b>	<b>Director Age since</b>	<b>Other public Independent boards</b>	<b>A</b>	<b>C</b>	<b>NCG</b>
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69	2009	0	Ch M M
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**John S. Day**

Former Partner, Deloitte &  
Touche LLP

60	2017	0	M Ch M
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**Carolyn B. Handlon**

EVP Finance and Global  
Treasurer, Marriott International

75	2014	0	M M M
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**Edward J. Hardin**

Partner, Rogers & Hardin LLP

74	2012	0	M M Ch
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**James R. Lientz, Jr.**

Former COO, State of Georgia

71	2017	0	M M M
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**Dennis P. Lockhart**

Former President and CEO of  
Federal Reserve Bank of Atlanta

55	2016	0	
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**Gregory G. McGreevey**

Senior Managing Director,  
Investments, Invesco Ltd.

47	2017	0	
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**Colin D. Meadows**

Senior Managing Director and  
Chief Administrative Officer,  
Invesco Ltd.

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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, our 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.

**Governance highlights**

<b>Independence</b>	5 out of our 7 current directors are independent. All of our Board committees are composed exclusively of independent directors.
<b>Independent chairperson</b>	We have an independent Chairperson of our Board of Directors, selected by the independent directors. The Chairperson serves as liaison between management and the other independent directors.
<b>Executive sessions</b>	The independent directors regularly meet in private without management. The Chairperson presides at these executive sessions.
<b>Board oversight of risk management</b>	Our Board has principal responsibility for oversight of the company’s risk management process and understanding of the overall risk profile of the company.

<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.</p> <p>Our CEO must hold at least 60,000 shares of company common stock.</p> <p>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 results of the annual review to the Board.</p> <p>Nomination criteria are adjusted as needed to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience.</p>
<b>Accountability</b>	<p>Directors must be elected annually by a majority of votes cast.</p>
<b>Insider trading restrictions</b>	<p>Our insider trading policy prohibits short selling, dealing in publicly-traded options, pledging and hedging or monetization transactions in our equity securities.</p>

**Additional information regarding the Annual Meeting**

Please see **General Information Regarding the Annual Meeting** beginning on page 35 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 2, 2018, at 2:00 p.m. Eastern Time. Please review the entire Proxy Statement and the company's 2017 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 seven directors, each of whom is serving a term of office that continues until the Annual Meeting in 2018, 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 John S. Day, Carolyn B. Handlon, Edward J. Hardin, James R. Lientz, Jr., Dennis P. Lockhart, Gregory G. McGreevey and Colin D. Meadows for election as directors of the company for a term ending at the 2019 Annual Meeting. Further information regarding the nominees is shown on the following pages. Each nominee has indicated to the company that the nominee 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 the affirmative vote of a majority of the total 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 the nominee's resignation as a director. Our Nomination and Corporate Governance Committee would then make a recommendation to the full Board on whether to accept or reject the resignation. If the resignation is not accepted by the Board, the director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If the director's resignation is accepted by the Board, then the Board, in its sole discretion, may fill the vacancy or decrease the size of the Board. However, if the number of nominees exceeds

the number of positions available for the election of directors, the directors so elected shall be those nominees who have received the greatest number of affirmative votes so long as such nominee also received at least an affirmative majority of the total votes cast in person or by proxy.

**Recommendation of the board**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION TO THE BOARD OF EACH OF THE DIRECTOR NOMINEES.** This proposal requires the affirmative vote of a majority of votes cast at the Annual Meeting.

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Information about Director Nominees

Listed below are the names, ages as of March 16, 2018, and principal occupations for the past five years of the director nominees.

**Director nominees for 2018**

**John S. Day**

**John S. Day**

Non-Executive Director

John S. Day has served as a director and as chairperson of the Audit Committee since 2009. Mr. Day was previously with Deloitte & Touche LLP from 2002 until his retirement in December 2005. Prior to joining Deloitte & Touche LLP, Mr. Day was with Arthur Andersen LLP from 1976 to 2002. Mr. Day received a B.A. degree from the University of North Carolina and an M.B.A. from Harvard Business School.

Age 69

**Board committees**

Audit (Chairperson), Compensation, Nomination and Corporate Governance

Director since 2009

**Director qualifications:**

**Financial and accounting expertise:** Mr. Day has amassed extensive experience in finance and accounting, having served for nearly three decades at two of the world's largest accounting firms. In keeping with his experience, Mr. Day is recognized by the Board as an audit committee financial expert under Securities and Exchange Commission (SEC) rules.

**Public and private company board experience:** Mr. Day serves on the board of Lenbrook Square Foundation, Inc., where he was Chairman of the Board from 2012 to 2014 and is a member of the Finance, Compensation and Governance and Nominating Committees. From September 2007 to December 2011, Mr. Day served on the board of directors of Force Protection, Inc., where he was the Chairman of the Audit Committee, and from 2010 to 2014, Mr. Day served on the board of Edens Investment Limited Partnership, where he was Chairman of the Audit Committee.

**Carolyn B. Handlon**

**Carolyn B. Handlon**

Carolyn B. Handlon has served as a director since May 2017 and as chairperson of the Compensation Committee since February 2018. Ms. Handlon currently serves as the

Non-Executive Director      Executive Vice President Finance and Global Treasurer of Marriott International ( Marriott ). In this role, Ms. Handlon leads Marriott 's corporate finance organization, overseeing the financial health and strategy of that company and deal evaluations ensuring the financial integrity of global investment opportunities. She has been with Marriott for 30 years and serving as EVP & Global Treasurer for the last 15 years with increasing span of duties over that period. Her current areas of responsibility include financial strategy and analysis, financial risk management, global capital markets, cash operations, hotel finance and mortgage banking. Prior to joining Marriott in 1987, Ms. Handlon worked for the Overseas Private Investment Corporation. Ms. Handlon holds a B.A. from Virginia Polytechnic Institute and State University and a M.B.A. from Indiana University.

Age 60

Director since 2017

**Board committees**

Audit, Compensation (Chairperson), Nomination and Corporate Governance Committees

**Director qualifications:**

**Financial and accounting expertise:** Ms. Handlon is one of the key leaders at Marriott in the structuring of business combinations, spin-offs and joint ventures. Her record of successfully navigating turbulent economic recessions and capital market crises, preserving liquidity and financial stability for Marriott demonstrates her financial acumen and expertise. Ms. Handlon is recognized by the Board as an audit committee financial expert under the SEC rules.

**Civic and professional leadership:** Ms. Handlon has served as the Chair of the Finance Committee of the Congressional Country Club in Bethesda, Maryland. She was a member of the former Standard & Poor 's Issuers Advisory Council and is a member of the International Women 's Forum.

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**Edward J. Hardin**

Edward J. Hardin has served as our chairperson since August 2017 and a director since 2014. Mr. Hardin has been a partner of the law firm of Rogers & Hardin LLP since its formation in 1976 and is a member of its executive committee. Mr. Hardin received a B.A. degree from Wesleyan University and a J.D. degree from Vanderbilt University.

**Edward J. Hardin**

Chairperson,  
Non-Executive Director

**Board committees**

Audit, Compensation and Nomination and Corporate Governance

Age 75

**Director qualifications:**

Director since 2014

**Executive leadership, corporate governance, legal expertise:** Mr. Hardin has spent over 40 years as a corporate and business lawyer in a leading Atlanta law firm, including service as a member of its executive committee. Mr. Hardin has extensive experience with legal and business issues facing public companies in a variety of industries. Mr. Hardin's broad background is a valuable asset to the Board's functioning on many of the decisions it is called upon to take.

**Public company board experience:** Mr. Hardin has served more than 40 years on boards of directors of other public companies. Mr. Hardin serves on the Board of Grady Memorial Hospital Corporation where he is a member of both the Audit and Finance Committees. Mr. Hardin is Chairman of the Board of Gateway Center LLC, a homeless services provider, Vice Chairman of the Board of Georgia Works! Inc., a residential transitional work training program, Co-Chairman of the regional Commission on Homelessness, a public private partnership of eight local governments and community leaders, Vice Chairman of the Fulton County Board of Health, Fulton County, Georgia and President of the Georgia Legal Services Foundation which supports indigent legal services.

**James R. Lientz, Jr.**

James R. Lientz, Jr. has served as a director since 2012 and as chairperson of the Nomination and Corporate Governance Committee since February 2018. Mr. Lientz has more than 35 years of experience in the banking industry and nearly eight in government service. Mr. Lientz served as President of C&S Bank of South Carolina from 1990 to 1992, President of Nationsbank of Georgia from 1993 to 1996 and President, Mid-South Division, of Bank of America from 1996 to 2001. His public sector work was as Chief Operating Officer of the State of Georgia from 2003 to 2010. Mr. Lientz is currently a partner with Safe Harbor Consulting, LLC. Mr. Lientz received a B.S. degree from Georgia Institute of Technology in 1965 and an M.B.A. from Georgia State University in 1971.

**James R. Lientz, Jr.**

Non-Executive Director

Age 74

Director since 2012

**Board committees**

Audit, Compensation and Nomination and Corporate Governance (Chairperson).

**Director qualifications:**

**Executive leadership, industry experience and public sector leadership:** Mr. Lientz has more than 35 years of broad experience in financial-corporate management, specifically within the financial services industry. In addition, he brings to our board a perspective on leadership developed in the private and public sectors, having served as the first Chief Operating Officer for the State of Georgia for seven years. Mr. Lientz's depth and breadth of board and executive experience uniquely qualify him to provide guidance to our company.

**Public and private company board experience:** Mr. Lientz serves as a Director of the following private companies: Diversified Trust Company since 2015, Brand Holdings since 2015, MidCountry Financial Corp since 2010, and Georgia Banking Company since 2010. Mr. Lientz is a former Director of Georgia Power Company, BlueCross BlueShield of Georgia, NDC Health, J&J Invision and the Georgia Ports Authority.

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	<b>Dennis P. Lockhart</b>
<b>Dennis P. Lockhart</b>	
Non-Executive Director	Dennis P. Lockhart has served as a director since May 2017. Mr. Lockhart is the immediate past President and Chief Executive Officer of the Federal Reserve Bank of Atlanta, a position he held from March 2007 until his retirement in February 2017. In addition, he served on the U.S. Federal Reserve's chief monetary policy body, the Federal Open Market Committee from 2007 to February 2017. Mr. Lockhart served on the faculty of Georgetown University's School of Foreign Service from 2003 to 2007, and as an adjunct professor at Johns Hopkins University's School of Advanced International Studies from 2002 to 2007. During his academic service, Mr. Lockhart was chairman of the Small Enterprise Assistance Funds. Earlier he was a managing partner at Zephyr Management LP, president of Heller International Group, chairman of the advisory committee of the U.S. Export-Import Bank, and held various positions with Citigroup (formerly Citigroup/Citibank). Mr. Lockhart received a B.A. from Stanford University, a Master's in international economics and American foreign policy from Johns Hopkins University, and an honorary doctoral degree from Georgia State University. Mr. Lockhart served as an officer in the U.S. Marine Corps Reserve from 1968 to 1974.
Age 71	
Director since 2017	

**Board committees**

Audit, Compensation, Nomination and Corporate Governance Committees

**Director qualifications:**

**Executive leadership, finance and economic policy experience:** Mr. Lockhart brings a wealth of finance and economic policy experience to the Board given his 10 years of service with the U.S. Federal Reserve Bank system, including monetary policy and economic regulation. Importantly, Mr. Lockhart also has more than 30 years of experience in the private financial sector which will greatly benefit the Board.

**Civil and policy organization experience:** Mr. Lockhart also brings valuable perspectives and experience to the Board given his service as a director of the Metro Atlanta Chamber of Commerce from 2007 to present, the Commerce Club of Atlanta from 2007 to present, director of the World Affairs Council of Atlanta from 2010 to present, the Carter Center's Board of Councilors from 2009 to present, trustee of the Georgia Research Alliance from 2016 to present, and the advisory board of the Andrew Young School of Policy Studies at Georgia State University from 2009 to present.

	<b>Gregory G. McGreevey</b>
<b>Gregory G. McGreevey</b>	
Director	Gregory G. McGreevey has served as a director since 2016. Mr. McGreevey has served as Senior Managing Director, Investments, of Invesco since March 2017, with

Age 55

Director since 2016

responsibility including certain of Invesco's global equities investment teams, equity trading, fixed income, Global Performance Measurement and Risk Group and investment administration. Previously, he was chief executive officer of Invesco Fixed Income from 2011 to March 2017. Prior to joining Invesco, he was president of Hartford Investment Management Co. and executive vice president and chief investment officer of The Hartford Financial Services Group, Inc. from 2008 to 2011. From 1997 to 2008, Mr. McGreevey served as vice chairman and executive vice president of ING Investment Management - Americas Region, as well as business head and chief investment officer for ING's North American proprietary investments and chief executive officer of ING Institutional Markets. Before joining ING, Mr. McGreevey was president and chief investment officer of Laughlin Asset Management and president and chief operating officer of both Laughlin Educational Services and Laughlin Analytics, Inc. He is a Chartered Financial Analyst. Mr. McGreevey earned a B.B.A. from the University of Portland and an M.B.A. from Portland State University.

**Director qualifications:**

**Executive leadership and industry experience:** Mr. McGreevey has nearly 30 years of investment management industry experience, including as an investment professional and in a series of executive management positions. Mr. McGreevey's deep experience with the fixed income and institutional investment products and his leadership of Invesco's business in these areas provides the Board with great insight into issues facing the industry.



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<b>Colin D. Meadows</b>	<b>Colin D. Meadows</b>
Director	Colin D. Meadows has a director since August 2017. Mr. Meadows has served as Chief Administrative Officer of Invesco since 2006 with responsibility for information technology, operations, transfer agency and corporate development. In 2014, Mr. Meadows assumed Senior Managing Director responsibility for Invesco Real Estate, WL Ross and Co. and Invesco Private Capital. Mr. Meadows came to Invesco from GE Consumer Finance where he was senior vice president of business development and mergers and acquisitions. Prior to that role, he served as a senior vice president of strategic planning and technology at Wells Fargo Bank. From 1996 to 2003, Mr. Meadows was an associate principal with McKinsey & Co., focusing on the financial services and venture capital industries, with an emphasis in the banking and asset management sectors. Mr. Meadows earned a B.A. degree in economics and English literature from Andrews University and a J.D. from Harvard Law School.
Age 47	
Director since 2017	

**Director qualifications:**

**Executive leadership, finance and economic policy experience:** Mr. Meadows has extensive experience in the financial services industry, and he has focused on the banking and asset management sectors throughout his career. Mr. Meadows' insight into the asset management business and the knowledge he has obtained as the Chief Administrative Officer of Invesco Ltd. are invaluable resources for the company and the Board.

**Director independence**

For a director to be considered independent, the Board must affirmatively determine that the director does not have any material relationship with the company either directly or as a partner, stockholder or officer of an organization that has a relationship with the company. Such determinations are made and disclosed pursuant to applicable New York Stock Exchange ( NYSE ) or other rules. In accordance with the rules of the NYSE, the Board has affirmatively determined that it is currently composed of a majority of independent directors, and that the following directors are independent and do not have a material relationship with the company: John S. Day, Carolyn B. Handlon, Edward J. Hardin, James R. Lientz, Jr. and Dennis P. Lockhart.

**Director tenure**

The tenure of our current directors ranges from one to nine years (since our inception). Our directors contribute a wide range of knowledge, skills and experience as illustrated in their individual biographies. We believe the tenure of the members of our Board of

Directors provides the appropriate balance of expertise, experience, continuity and perspective to our board to serve the best interests of our stockholders.

As the Board considers new director nominees, it takes into account a number of factors, including nominees that have skills that will match the needs of the company's long-term strategy and will bring diversity of thought, perspective, experience and background to our Board. For more information on our director nomination process, see **Information about our Board and its Committees** the **Nomination and Corporate Governance Committee** below.

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Corporate Governance

The Board has adopted Corporate Governance Guidelines.

**Corporate governance guidelines**

The Board has adopted Corporate Governance Guidelines ( Guidelines ) which are available in the corporate governance section of the company s website at www.invescomortgagecapital.com (the company s website ). The Corporate Governance Guidelines set forth the practices the Board follows with respect to, among other matters, the composition of the Board, director responsibilities, Board committees, director access to officers and independent advisors, director compensation and the performance evaluation of the Board.

The Board is elected by stockholders to oversee our management team and to seek to assure that the long-term interests of the stockholders are being served.

**Board leadership structure**

As described in the Guidelines, the company s business is conducted day-to-day by its officers and its external manager, under the direction of the chief executive officer and the oversight of the Board, to enhance the long-term value of the company for its stockholders. The Board is elected by the stockholders to oversee the officers of the company and our external manager and to seek to assure that the long-term interests of the stockholders are being served. In light of these differences in the fundamental roles of the Board and management, the company has chosen to separate the chief executive officer and Board chairperson positions. The Board believes separation of these roles: (i) allows the Board more effectively to monitor and evaluate objectively the performance of the chief executive officer, such that the chief executive officer is more likely to be held accountable for his performance, (ii) allows the non-executive chairperson to control the Board s agenda and information flow, and (iii) creates an atmosphere in which other directors are more likely to challenge the chief executive officer and other members of our senior management team. For these reasons, the company believes that this board leadership structure is currently the most appropriate structure for the company. Nevertheless, the Board may reassess the appropriateness of the existing structure at any time, including following changes in Board composition, in management, or in the character of the company s business and operations.

The company has chosen to separate the chief executive officer and Board chairperson positions.

Our Board has established a Code of Conduct.

**Code of conduct**

Our Board of Directors has established a code of ethics that applies to our officers, directors and independent contractors and to our manager s officers, directors and personnel when such individuals are acting for or on our behalf (the code of conduct ). Among other matters, our code of conduct is designed to deter wrongdoing and to promote:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;

compliance with applicable governmental laws, rules and regulations;

prompt internal reporting of violations of the code to appropriate persons identified in the code; and

accountability for adherence to the code.

Any waiver of the code of conduct for our executive officers or directors may be made only by our Board of Directors or one of our Board committees. The code of conduct is posted on the company's website. We intend to satisfy the disclosure requirement regarding any amendment to, or a waiver of, a provision of the code of conduct by posting such information on the company's website.

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The Board has principal responsibility for oversight of the company's risk management processes and for understanding the overall risk profile of the company.

**Board's role in risk oversight**

We believe that risk oversight responsibility rests with the full Board of Directors. Therefore, the Board has principal responsibility for oversight of the company's risk management processes and for understanding the overall risk profile of the company. Though Board committees routinely address specific risks and risk processes within their purview, the Board has not delegated primary risk oversight responsibility to a committee.

The company has in place an enterprise risk management committee consisting of executive and senior management. The committee meets regularly and maintains dialogue with the Board of Directors regarding the top risks of the company and mitigating actions to address them. By receiving regular reports, the Board maintains a practical understanding of the risk philosophy and risk appetite of the company.

In addition, since the company is externally managed by our manager, we rely upon the operational and investment risk oversight functions of our manager and its Invesco affiliates. Our manager's risk management framework provides the basis for consistent and meaningful risk dialogue up, down and across our manager and the company. Our manager's Global Performance Measurement and Risk Group assesses core investment risks, while our manager's Corporate Risk Management Committee assesses strategic, operational and all other business risks. A network of business unit, specific and geographic risk management committees, under the guidance and standards of the Corporate Risk Management Committee, maintains an ongoing risk assessment, management and monitoring process that provides a bottom-up perspective on the specific risk areas existing in various domains of our manager's business.

Through this regular and consistent risk communication, the Board has reasonable assurance that all material risks of the company are being addressed and that the company is propagating a risk-aware culture in which effective risk management is built into the fabric of the business.

The Board, with the assistance of the Nomination and Corporate Governance Committee, annually reviews its own performance.

**Board's annual performance evaluation**

As part of its annual performance evaluation of the Board and each of its committees, the Board engages an independent external advisor to coordinate the Board's self assessment by its members. The advisor prepares a questionnaire for our directors, performs one-on-one interviews with directors and prepares a report for the Board's review. The advisor presents the report in person to the Board, and the Board discusses the evaluation to determine what action, if any, could improve Board and committee performance.



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Information About the Board and

Its Committees

**Board of directors and committees**

Our business is managed by our officers and our manager, subject to the supervision and oversight of our Board of Directors, which has established investment guidelines for our officers and our manager to follow in its day-to-day management of our business. A majority of our Board of Directors is independent, as determined by the requirements of the NYSE and the regulations of the SEC. Our directors keep informed about our business by attending meetings of our Board of Directors and its committees and through supplemental reports and communications.

Our Board of Directors has formed an Audit Committee, a Compensation Committee and a Nomination and Corporate Governance Committee and has adopted charters for each of these committees. Each of these committees currently has five directors and is composed exclusively of independent directors, as defined by the listing standards of the NYSE. Moreover, the Compensation Committee is composed exclusively of individuals intended to be, to the extent provided by Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act ), non-employee directors.

**Board meetings and annual meeting of stockholders**

During the calendar year ended December 31, 2017, the Board held eight meetings (not including committee meetings). Each director attended at least seventy-five percent (75%) of the aggregate of the total number of meetings held by the Board and the total number of meetings held by all committees of the Board on which he or she served during 2017. The Board does not have a formal policy regarding Board member attendance at stockholder meetings. All of the directors then in office attended the Annual Meeting of Stockholders in 2017. The non-executive directors (those directors who are not officers or employees of Invesco and who are classified as independent directors under applicable NYSE standards) meet in executive session generally at each of the Board's four in-person meetings each year and at least once per year during a regularly scheduled Board meeting without management. Edward J. Hardin, our chairperson and a non-executive and independent director, presides at the executive sessions of the non-executive directors.

**Committee membership and meetings**

The current committees of the Board are the Audit Committee, the Compensation Committee and the Nomination and Corporate Governance Committee. The Board has affirmatively determined that each committee consists entirely of independent directors pursuant to rules established by the NYSE and rules promulgated under the Exchange

Act.

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The Audit Committee's responsibilities include assisting the Board to oversee the company's financial reporting.

**The Audit Committee**

The Audit Committee is chaired by Mr. Day and consists additionally of Ms. Handlon, Mr. Hardin, Mr. Lientz and Mr. Lockhart. The committee met four times during 2017. Under its charter, the committee:

is comprised of at least three members of the Board, each of whom is independent of the company under the NYSE and SEC rules and is also financially literate, as defined under NYSE rules;

members are appointed and removed by the Board;

is required to meet at least quarterly;

periodically meets with the internal auditor and the independent auditor in separate executive sessions without members of senior management present;

has the authority to retain independent advisors, at the company's expense, whenever it deems appropriate to fulfill its duties; and

reports to the Board regularly.

The committee's charter is available on the company's website. The charter sets forth the committee's responsibilities, which include assisting the Board in fulfilling its responsibility to oversee (i) the company's financial reporting, auditing and internal control activities, including the integrity of the company's financial statements, (ii) the independent auditor's qualifications and independence, (iii) the performance of the company's internal audit function and independent auditor, and (iv) the company's compliance with legal and regulatory requirements.

The Board has determined that all committee members are financially literate under the NYSE listing standards. The Board has further determined that each of Mr. Day and Ms. Handlon qualifies as an audit committee financial expert (as defined under the SEC's rules and regulations), has accounting or related financial management expertise and is independent of the company under SEC rules and the NYSE listing rules.

The Compensation Committee's responsibilities include administration of our equity plan and approving the compensation for non-executive directors.

### **The Compensation Committee**

The Compensation Committee is chaired by Ms. Handlon and consists additionally of Mr. Day, Mr. Hardin, Mr. Lientz and Mr. Lockhart. The committee met two times during 2017. Under its charter, the committee:

is comprised of at least three members of the Board, each of whom is independent of the company under the NYSE and SEC rules;

members are appointed and removed by the Board; and

has the authority to retain independent advisors, at the company's expense, whenever it deems appropriate to fulfill its duties, including any compensation consulting firm.

The committee's charter is available on the company's website. The charter sets forth the committee's responsibilities, which include (i) annually approving the compensation structure for, and reviewing and approving the compensation from the company, if any, of, senior officers, and overseeing the annual process for evaluating their performance, (ii) overseeing the administration of the company's equity-based and other incentive compensation plans, (iii) assisting the Board with executive succession planning, and (iv) determining the compensation for the company's non-executive directors.

In addition, the committee meets at least annually to review and make recommendations to the Board on the compensation of the company's non-executive directors.

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As a part of its review, the committee periodically engages FTI Consulting, Inc. as a third-party consultant to report on comparable non-executive director compensation practices and levels. The cost of services for work performed for the committee by FTI Consulting related to non-executive director compensation for 2017 amounted to \$28,050. The company, on management's recommendation, retained FTI Consulting to provide certain accounting services for the company in 2017. The costs of such services for 2017 amounted to approximately \$647,727. Neither the committee nor the Board expressly approved the accounting services. After taking into consideration the NYSE's independence standards, the committee determined that the compensation consultant is independent because (a) the compensation consulting team works exclusively for the committee and not for our management; (b) the compensation consulting practice group does not work with or report to the accounting services practice group, and (c) the compensation consulting team did not perform any other services on behalf of the company. No executive officer of the company is involved in recommending or determining non-executive director compensation levels. See Director Compensation below for a more detailed discussion of compensation paid to the company's non-executive directors during 2017.

The Nomination and Corporate Governance Committee's responsibilities include establishing procedures for identifying and evaluating potential nominees for directors.

**The Nomination and Corporate Governance Committee**

The Nomination and Corporate Governance Committee is chaired by Mr. Lientz and consists additionally of Mr. Day, Ms. Handlon, Mr. Hardin and Mr. Lockhart. The committee met two times during 2017. Under its charter, the committee:

is comprised of at least three members of the Board, each of whom is independent of the company under the NYSE and SEC rules;

members are appointed and removed by the Board; and

has the authority to retain independent advisors, at the company's expense, whenever it deems appropriate to fulfill its duties.

The committee's charter is available on the company's website. The charter sets forth the committee's responsibilities, which include (i) establishing procedures for identifying and evaluating potential nominees for director, (ii) recommending to the Board potential nominees for election and (iii) periodically reviewing and reassessing the adequacy of the Guidelines to determine whether any changes are appropriate and recommending any such changes to the Board for its approval. The candidates proposed for election in Proposal No. 1 of this Proxy Statement were unanimously recommended by the committee to the Board.

The committee believes there are certain minimum qualifications that each director nominee must satisfy in order to be suitable for a position on the Board, including:

a high degree of personal and professional integrity;

ability to exercise sound business judgment on a broad range of issues;

sufficient experience and professional or educational background to have an appreciation of the significant issues facing public companies that are comparable to the company;

willingness to devote the necessary time to Board duties, including preparing for and attending meetings of the Board and its committees; and

being prepared to represent the best interests of the company and its stockholders and being committed to enhancing stockholder value.

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The Board does not consider individual directors to be responsible for particular areas of the Board's focus or specific categories of issues that may come before it. Rather, the Board seeks to assemble a group of directors that, as a whole, represents a mix of experiences and skills that allows appropriate deliberation on all issues that the Board might be likely to consider. In considering candidates for director nominee, the committee generally assembles all information regarding a candidate's background and qualifications, evaluates a candidate's mix of skills and qualifications and determines the contribution that the candidate could be expected to make to the overall functioning of the Board, giving due consideration to the Board's balance of perspectives, backgrounds and experiences. While the committee routinely considers diversity as a part of its deliberations, it has no formal policy regarding diversity. With respect to current directors, the committee considers past participation in and contributions to the activities of the Board. The committee recommends director nominees to the Board based on its assessment of overall suitability to serve in accordance with the company's policy regarding nominations and qualifications of directors.

The committee will consider candidates recommended for nomination to the Board by stockholders of the company. Stockholders may nominate candidates for election to the Board under Maryland law and our Bylaws. Our Bylaws provide that, with respect to an annual meeting of stockholders, nominations of individuals for election to our Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our Board of Directors or (3) by a stockholder who is a stockholder of record both at the time of giving the notice required by our Bylaws and at the time of the meeting, who is entitled to vote at the meeting and who has complied with the advance notice provisions set forth in our Bylaws. The manner in which the committee evaluates candidates recommended by stockholders is generally the same as any other candidate. However, the committee will also seek and consider information concerning any relationship between a stockholder recommending a candidate and the candidate to determine if the candidate can represent the interests of all of the stockholders. The committee will not evaluate a candidate recommended by a stockholder unless the stockholder's proposal provides that the potential candidate has indicated a willingness to serve as a director, to comply with the expectations and requirements for Board service as publicly disclosed by the company and to provide all of the information necessary to conduct an evaluation. For further information regarding deadlines for stockholder proposals, please see the section of this proxy statement below entitled **Important Additional Information – Stockholder Proposals for the 2019 Annual Meeting**.

**Director compensation**

A member of our Board of Directors who is also an employee of Invesco is referred to as an executive director. Executive directors do not receive compensation for serving on our Board of Directors. Under the terms of its charter, the Compensation Committee annually reviews and determines the compensation paid to non-executive directors. In reviewing and making recommendations on non-executive director compensation, the Committee considers, among other things, the following policies and principles:

that the compensation should fairly pay the directors for the work, time commitment and efforts required by directors of an organization of the company's size and scope of business activities, including service on Board committees;

that a component of the compensation should be designed to align the directors' interests with the long-term interests of the company's stockholders; and

that directors' independence may be compromised or impaired for Board or committee purposes if director compensation exceeds customary levels.

As a part of its annual review, the committee engaged FTI Consulting, Inc. as a third-party consultant to report on comparable non-executive director compensation practices and levels. This report includes a review of director compensation at peer company mortgage REITs with an investment focus in the company's target assets. Following the review of current market practices for directors of peer public companies, the Compensation Committee determined in May 2017 to make no changes to the director compensation structure in effect, as set forth below. Each fee component is paid in quarterly installments in arrears.

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<b>Base fee</b>	Each non-executive director received an annual base fee for services in the amount of \$60,000, payable in cash.
<b>Equity award</b>	Each non-executive director received an annual equity award of \$85,000, payable in shares of our common stock.
<b>Chairperson fee</b>	The Chairperson of the Board received an additional annual cash fee of \$30,000.
<b>Audit Committee chairperson fee</b>	The chairperson of the Audit Committee received an additional annual cash fee of \$20,000.
<b>Compensation Committee chairperson fee</b>	The chairperson of the Compensation Committee received an additional annual cash fee of \$10,000.
<b>Nomination and Corporate Governance Committee chairperson fee</b>	The chairperson of the Nomination and Corporate Governance Committee received an additional annual cash fee of \$10,000.

We also reimburse each of our non-executive directors for their travel expenses incurred in connection with attendance at Board of Directors and committee meetings. Non-executive directors do not receive any meeting or attendance fees.

**Stock ownership policy for non-executive directors** All shares awarded to our non-executive directors are subject to the Non-Executive Director Stock Ownership

Policy. The policy requires that within five years of the later of the effective date of the policy and the date of such director's first appointment as a non-executive director each non-executive director achieve and thereafter maintain an ownership level of at least 12,500 shares. Until such ownership level is achieved, each non-executive director is required to continue to hold 100% of the shares received as compensation from the company.

The following table shows as of December 31, 2017 the status of our non-executive directors meeting the requirements of the policy.

<b>Director name</b>	<b>Year service commenced</b>	<b>Total shares held (#)</b>	<b>Share ownership goal met<sup>1</sup></b>
John S. Day	2009	36,096	
Carolyn B. Handlon	2017	2,093	
Edward J. Hardin	2014	23,274	
James R. Lientz, Jr.	2012	25,435	
Dennis P. Lockhart	2017	2,593	

<sup>1</sup> Based on current compensation levels, it is anticipated that Ms. Handlon and Mr. Lockhart will each attain the share ownership goal within the time period prescribed by the policy.



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The following table sets forth the compensation paid to our non-executive directors for services during 2017.

Name	Fees earned or		Total (\$)
	paid in cash (\$)	Share awards (\$)²	
John S. Day	80,000	84,960	164,960
Carolyn B. Handlon <sup>3</sup>	24,565	35,264	59,829
Edward J. Hardin	70,000	84,960	154,960
James R. Lientz, Jr.	70,000	84,960	154,960
Dennis P. Lockhart <sup>3</sup>			
	24,565	35,264	59,829
<b>Retired director</b>			
James S. Balloun	90,000	84,960	174,960

1 Includes the annual base fee and, as applicable, additional Chairperson of the Board fee, Chairperson of the Audit Committee fee, Chairperson of the Compensation Committee fee and Chairperson of the Nomination and Corporate Governance Committee fee.

2 Reflects the full grant date fair value of such equity awards, determined in accordance with U.S. generally accepted accounting principles, as granted to each of our non-executive directors in payment of the quarterly equity award. Equity awards are fully vested as of the date of grant.

3 Ms. Handlon and Mr. Lockhart joined the Board in May 2017.

The following table presents the grant date fair value for each equity award made to each non-executive director during 2017.

Name	Date of grant				Total grant date fair value (\$)
	2/23/17	Date of grant	Date of grant	11/7/17	
	(\$)	5/5/17 (\$)	8/8/17 (\$)	(\$)	

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John S. Day	21,237	21,234	21,250	21,239	84,960
Carolyn B. Handlon <sup>1</sup>			14,025	21,239	35,264
Edward J. Hardin	21,237	21,234	21,250	21,239	84,960
James R. Lientz, Jr.	21,237	21,234	21,250	21,239	84,960
Dennis P. Lockhart <sup>1</sup>					
<b>Retired director</b>			14,025	21,239	35,264
James S. Balloun	21,237	21,234	21,250	21,239	84,960

<sup>1</sup> Ms. Handlon and Mr. Lockhart joined the Board in May 2017.

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## Information About the Executive Officers

## of the Company

The following is a list of individuals serving as executive officers of the company as of the date of this Proxy Statement. All company executive officers are elected annually by the Board and serve at the discretion of the Board or our Chief Executive Officer.

**John M. Anzalone****John M. Anzalone**

Chief Executive Officer

Mr. Anzalone (53) has served as our Chief Executive Officer since March 2017. Prior to becoming CEO, Mr. Anzalone served as our Chief Investment Officer since the company's inception in 2009. Mr. Anzalone joined Invesco's Fixed Income Division (IFI) in 2002, where he is a Senior Portfolio Manager and Head of Structured Securities Management. Mr. Anzalone also serves as a member of IFI's Investment Strategy team, which is responsible for providing investment views for risk positioning and asset allocation across the platform. As the Head of the Structured Securities group, he is responsible for the application of investment strategy across portfolios consistent with client investment objectives and guidelines. Additionally, the team is responsible for analyzing and implementing investment actions in the residential, commercial mortgage-backed and asset-backed securities sectors. Mr. Anzalone began his investment career in 1992 at Union Trust. In 1994 he moved to AgriBank, FCB, where he served as a Senior Trader for six years. Mr. Anzalone is also a former employee of Advantus Capital Management where he was a Senior Trader responsible for trading mortgage-backed, asset-backed and commercial mortgage securities. Mr. Anzalone received a B.A. degree in Economics from Hobart College and an M.B.A. from the Simon School at the University of Rochester. Mr. Anzalone is a Chartered Financial Analyst.

**Kevin M. Collins****Kevin M. Collins**

President

Mr. Collins (38) has served as President since October 2017. Previously, he served as our Executive Vice President Commercial Mortgage Credit from March 2017 to October 2017 and as a Managing Director and our Head of Commercial Mortgage Credit from 2011 to March 2017. He is also the Head of Commercial Mortgage-Backed Securities Credit for Invesco Fixed Income. His primary responsibilities include evaluating, selecting and positioning commercial mortgage-backed securities, commercial real estate loans and other real estate debt investments across Invesco-managed institutional and retail fixed income funds, including the company. Prior to joining Invesco in 2007, Mr. Collins structured various capital funding strategies, including bond securitizations and secured lending facilities, for banks and specialty finance companies during his tenure at Credit Suisse First Boston. Mr. Collins graduated with a B.S. in accounting from Florida State University and earned an M.B.A. from the Kellogg School of Management at Northwestern University.

**Jason L. Marshall**

**Jason L. Marshall**

Chief Investment Officer

Mr. Marshall (43) has served as our Chief Investment Officer since March 2017. He also serves as the Head of MBS Portfolio Management for our manager, Invesco Advisors Inc. Mr. Marshall entered the industry in 1997, working for PNC Financial Services Group Inc. before joining Invesco in 2007. He was most recently Vice President of Portfolio Management, with responsibility for the trading and strategic implementation of the Invesco's MBS portfolio. Mr. Marshall earned a B.S. in finance from Indiana University of Pennsylvania and an M.B.A. with a concentration in finance from Duquesne University.

**Table of Contents****R. Lee Phegley, Jr.****R. Lee Phegley, Jr.**

Chief Financial Officer

Mr. Phegley (49) has served as our Chief Financial Officer since 2014 and the Chief Financial Officer of Invesco Real Estate ( IRE ), our manager's affiliated real estate team, since 2016. Previously, Mr. Phegley served as the Global Head of Real Estate Investment Accounting for IRE from 2006 to 2016. Before joining Invesco, Mr. Phegley was a Director and responsible for Private Equity Accounting at Archon Group LP from 2004 to 2006. Prior to 2004, Mr. Phegley served as a Senior Manager at KPMG LLP for two years and Arthur Andersen LLP for seven years managing audit engagements for public and private clients, including investment management clients. Mr. Phegley received a B.A. degree from Baylor University and an M.S. degree in Accountancy from the University of Houston. Mr. Phegley is a Certified Public Accountant.

**David B. Lyle****David B. Lyle**

Chief Operating Officer

Mr. Lyle (39) has served as our Chief Operating Officer since October 2017. Previously, he served as our Executive Vice President Residential Credit from March 2017 to October 2017 and as our Head of Residential Mortgage Credit from 2011 to March 2017. He is also the Head of Residential Mortgage-Backed Securities (RMBS) Credit for Invesco Fixed Income. His primary responsibilities include the evaluation and oversight of investments in Non-Agency RMBS, credit risk transfer securities, and residential whole loans for institutional and retail fixed income funds, including the company. Mr. Lyle has over 15 years of experience in the RMBS market. Prior to joining Invesco in 2006, Mr. Lyle spent three years at Friedman Billings Ramsey, where he was a Vice President in the Investment Banking ABS group. In this role, he participated in the financing, transaction management and analytics functions of the business. He also spent two years as an Analyst in the mortgage finance group at Wachovia Securities. Mr. Lyle graduated with a bachelor of engineering degree from Vanderbilt University.

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## Executive Compensation

**Compensation discussion and analysis**

This section presents a discussion and analysis of the philosophy and objectives in the design and implementation of compensation programs for our executive officers. This section is divided into two parts. First, we review key highlights of the relationship with our manager and our management agreement to provide important context regarding our operations, including that all of our executive officers are employed by our manager or one of its affiliates. We then review the compensation program and philosophy of our manager and how compensation decisions are made for our executive officers.

We are externally managed and do not have any employees. Our executive officers are employees of our manager and do not receive compensation from us.

**Our management agreement**

We are externally managed by Invesco Advisers, Inc., a wholly-owned subsidiary of Invesco Ltd., pursuant to a management agreement, which provides that our manager is responsible for managing our affairs. As highlighted in the table below, we have no employees, including our executive officers. Our executive officers are employees of our manager (or one of its affiliates) and such individuals are engaged in additional capacities for our manager (or one of its affiliates). Our executive officers do not receive compensation from us, nor do we reimburse our manager for any of their compensation. Instead, our manager and its affiliates use the proceeds from the management fee, in part, to pay compensation to its officers and personnel, including our executive officers. No specific portion of the management fee is allocated to the compensation of our executive officers because these individuals manage or are associated with multiple Invesco products, and research and investment strategies employed may impact a number of products for which these individuals are responsible. As such, compensation for our executive officers reflects performance across all the products managed by them, and decisions are based on the principles and factors described below in **Overview of our manager's compensation program and philosophy**. While each of these principles and factors is considered by our manager in making compensation decisions, our manager does not attempt to rank or assign relative weight to any factor but rather applies its judgment in considering them in their entirety.

However, for context of our executive officers' compensation in relation to our management fee, we provide an estimate of aggregate compensation of our executive officers that may reasonably be associated with the company based on approximate total average assets of the company for 2017 compared to total average assets of products the executive officers managed or were associated with for 2017. With respect to our chief financial officer, we have included the amount of his compensation paid by our manager that is attributed to his work for the company. Applying such methodology to compensation of our executive officers for 2017, the total compensation of the named executive officers reasonably associated with their management of the company is \$2.2 million, which represents 5.8% of the management fee paid by the company to the manager in 2017.

**Highlights of our management agreement**

All of our executive officers are employees of our manager (or one of its affiliates) and are engaged in additional capacities for our manager (or one of its affiliates).

Our manager is responsible for the compensation of our executive officers and other employees of our manager who provide services to the company. We do not pay any cash or equity compensation to our executive officers, do not provide pension benefits, perquisites or other personal benefits, and have no employment agreements or arrangements to make any payments upon termination from service as an officer.

Our manager receives a management fee equal to 1.50% of our stockholders' equity, subject to certain adjustments, which is used, in part, to pay the compensation of our manager's employees who provide services to the company. However, no specific portion of the management fee is allocated to the compensation of our executive officers.

For additional information about our management agreement, see **Certain Relationships and Related Transactions**.

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Our manager makes all decisions relating to the compensation of our executive officers based upon a number of objectives and principles.

**Overview of our manager’s compensation program and philosophy**

Our manager makes all decisions relating to the compensation of our executive officers based on such factors as our manager may determine are appropriate. However, our manager consults with the members of the Compensation Committee concerning the compensation policy of our manager that is applied to the individuals that serve as our executive officers. Our manager has structured its compensation programs at every level to achieve the following objectives:

**Alignment:** align individual awards with client and shareholder success;

**Viability:** reinforce our manager’s commercial viability by closely linking rewards to economic results at every level;

**Meritocracy:** reinforce our manager’s meritocracy by differentially rewarding high-performers; and

**Retention:** recognize and retain top talent by ensuring a meaningful mix of cash and deferred compensation.

Further, with respect to investment professionals, which include some of our executive officers, our manager applies the following compensation principles in making compensation decisions:

<p><b>Investment performance</b> Measure investment performance against indicators of client success on products for which the investment team is responsible</p>	<p><b>Qualitative assessment</b> Ensure sufficient flexibility for management to exercise judgment over bonus funding outcomes, to ensure results make sense for Invesco and the team/individual</p>
<p><b>Financial results</b></p>	<p><b>Risk management</b></p>



Provide appropriate linkage to our manager's financial results related to the investment team

Design plans that do not create risks that are reasonably likely to have a material adverse impact on Invesco

**Balance**

Balance pay for investment performance with economic outcomes

**Components of our executive officers' compensation and their purpose**

Our manager utilizes a variety of compensation components to achieve its objectives. Our manager's compensation program that applies to our executive officers consists of base salary and variable incentive compensation. The following table further describes each pay component, as well as its purpose and key measures.

Pay element	What it does	Key measures
Base salary	<p>Provides competitive fixed pay</p> <p>Reasonable base compensation for day-to-day performance of job responsibilities</p> <p>Evaluated annually, generally remains static unless promotion or adjustment due to economic trends in industry</p>	<p>Experience, duties and scope of responsibility</p> <p>Internal and external market factors</p>
Annual cash bonus	<p>Provides a competitive annual cash incentive opportunity</p>	<p>Based upon annual investment performance and financial results of the investment products for which the investment team is responsible</p>
<p>Invesco annual deferral award (time-based vesting)</p>	<p>Along with annual cash bonus, provides a competitive annual incentive opportunity</p> <p>Aligns with Invesco client and shareholder interests</p> <p>Encourages retention by vesting in equal annual increments over four years</p>	<p>Based upon annual investment performance and financial results of the investment products for which the investment team is responsible</p>
<p>Invesco long-term equity awards (time-based vesting)</p>	<p>Recognizes long-term potential for future contributions to Invesco's long-term strategic objectives</p> <p>Aligns with Invesco client and shareholder interests</p> <p>Encourages retention by vesting in annual increments over four years</p>	<p>Based upon annual investment performance and financial results of the investment products for which the investment team is responsible</p>



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Our executive officers incentive compensation is funded from an incentive pool which is the source of incentive compensation of all employees of Invesco Ltd.

Our executive officers annual incentive compensation is funded from an annual incentive pool which is the source of incentive compensation of all employees of Invesco Ltd. and its affiliates. Each year, the Invesco Ltd. compensation committee examines Invesco's progress on multiple operating measures, Invesco's progress toward achieving its strategic objectives and other factors, including pre-cash bonus operating income of Invesco (PCBOI), in setting the size of the incentive pool. The Invesco compensation committee uses a range of 34%-48% of Invesco PCBOI in setting the Invesco-wide incentive pool, though it maintains flexibility to go outside either end of this range in circumstances that it deems exceptional. Our executive officers are paid incentive compensation out of the Invesco-wide incentive pool taking into account the compensation principles set forth above.

For 2017, our executive officers compensation, in the aggregate, was apportioned 24% to fixed compensation and 76% to variable or incentive compensation.

We have an executive officer stock ownership policy to align the interests of our executive officers with our stockholders.

### **Executive officer stock ownership policy**

In order to encourage the alignment of interests between our executive officers and our stockholders, we maintain an Executive Officer Stock Ownership Policy. The policy requires that, within five years of the date of such executive officer's first appointment:

the chief executive officer ( CEO ) achieve an ownership level of at least 60,000 shares;

the president, chief investment officer, and chief operating officer achieve an ownership level of at least 35,000 shares; and

the chief financial officer ( CFO ) achieve an ownership level of at least 7,000 shares.

Our CEO and CFO have achieved their respective ownership level requirements, and we expect our other executive officers will attain their respective ownership requirements within the time period prescribed by the policy.

### **Insider trading policy**

We maintain an insider trading policy, which prohibits short selling, dealing in publicly-traded options, pledging, hedging or monetization transactions in our securities.

We believe the structure of the management fee does not create an incentive for excessive or unnecessary risk-taking by our management team and reduces risks of conflicts of interest with our manager.

**Certain risks related to our management fee**

Because our management fee is calculated as a percent of stockholders' equity, subject to specified adjustments, we believe the structure of the management fee does not create an incentive for management to take excessive or unnecessary risks and reduces risks of conflicts of interests with our manager. Stockholders' equity as the basis for the calculation does not result in leveraged pay-out curves, steep pay-out cliffs or set unreasonable goals and thresholds, each of which can promote excessive and unnecessary risks. In addition, the management fee may not be increased or revised without the approval of our independent directors.

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**Consideration of prior advisory vote**

Our Compensation Committee noted the significant support received in the 2017 advisory vote on executive compensation (approximately 98.03% of votes cast), and therefore it has determined that no changes were advisable based on the outcome of that vote.

**Compensation committee report**

The Compensation Committee of the company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the committee recommended to the board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Respectfully submitted by the Compensation Committee:

Carolyn B. Handlon (chairperson)  
 John S. Day  
 Edward J. Hardin  
 James R. Lientz, Jr.  
 Dennis P. Lockhart

**Equity compensation plan information**

(As of December 31, 2017)	Number of securities to be issued	Weighted average Exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan
	upon exercise		
Plan category			792,520

Equity compensation plans approved by stockholders <sup>1</sup>	
Equity compensation plans not approved by stockholders	
	792,520
<b>Total</b>	

1 Represents the Invesco Mortgage Capital Inc. 2009 Equity Incentive Plan

#### Compensation Committee Interlocks and Insider Participation

During 2017, the following directors served as members of the Compensation Committee: Mr. Balloun, Mr. Day, Ms. Handlon, Mr. Hardin, Mr. Lientz and Mr. Lockhart. No member of the Compensation Committee was an officer or employee of the company or any of its subsidiaries during 2017, and no member of the Compensation Committee was formerly an officer of the company or any of its subsidiaries or was a party to any disclosable related person transaction involving the company. During 2017, none of the executive officers of the company served on the board of directors or on the compensation committee of any other entity that has or had executive officers that served as a member of the Board of Directors or Compensation Committee of the company.

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Report of the Audit Committee

**Membership and role of the audit committee**

The Audit Committee consists of Mr. Day (chairperson) and Ms. Handlon, Mr. Hardin, Mr. Lientz and Mr. Lockhart. Each of the members of the Audit Committee is independent as such term is defined under the NYSE listing standards and applicable law. The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its responsibility to oversee (i) the company's financial reporting, auditing and internal control activities, including the integrity of the company's financial statements, (ii) the independent auditor's qualifications and independence, (iii) the performance of the company's internal audit function and independent auditor, and (iv) the company's compliance with legal and regulatory requirements. The Audit Committee's function is more fully described in its written charter, which is available on the company's website.

**Review of the company's audited consolidated financial statements for the fiscal year ended December 31, 2017**

The Audit Committee has reviewed and discussed the audited financial statements of the company for the fiscal year ended December 31, 2017 with the company's management. The Audit Committee has discussed with PricewaterhouseCoopers LLP (PwC), the company's independent registered public accounting firm, the matters required to be discussed by professional auditing standards. The Audit Committee has also received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence, and has discussed the independence of PwC with that firm. Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Directors that the company's audited consolidated financial statements be included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the Securities and Exchange Commission.

Respectfully submitted by the Audit Committee:

John S. Day (chairperson)  
Carolyn B. Handlon  
Edward J. Hardin  
James R. Lientz, Jr.  
Dennis P. Lockhart



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## Fees Paid to Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors, with the approval of the stockholders, engaged PwC to perform an annual audit of the company's consolidated financial statements for fiscal year 2017. The following table sets forth the approximate aggregate fees billed or expected to be billed to the company by PwC for fiscal years 2017 and 2016 for the audit of the company's annual consolidated financial statements and for other services rendered by PwC.

(amounts in thousands)	Year ended December 31, 2017	Year ended December 31, 2016
Audit fees <sup>1</sup>	\$1,395	\$1,374
Audit-related fees <sup>2</sup>		
Tax fees <sup>3</sup>		
All other fees <sup>4</sup>		
<b>Total</b>	<b>\$1,395</b>	<b>\$1,374</b>

1 Audit Fees consist of fees and related expenses billed for the audit of the consolidated financial statements and services provided by PwC in connection with statutory and regulatory filings or engagements. The audit fees include fees and expenses in connection with quarterly and annual reports and the issuance of consents by PwC to be named in, and the use of their audit report in, our registration statements.

2 Audit-Related Fees consist of fees and expenses billed for assurance and related professional services. PwC did not perform any audit-related services.

3 Tax Fees consist of professional services related to federal and state tax compliance and tax planning. PwC did not perform any tax services.

4 All Other Fees consist of any fees and expenses for professional services not included in one of the other categories. PwC did not perform any other services.

## Pre-Approval Process and Policy

All audit and non-audit services provided to the company and its subsidiaries by PwC during 2017 were either specifically approved or pre-approved.

The Audit Committee has adopted policies and procedures for pre-approving all audit and non-audit services provided by our independent auditor. The policy is designed to ensure that the auditor's independence is not impaired. The policy sets forth the Audit Committee's views on audit, audit-related, tax and other services. It provides that, before the company engages the independent auditor to render any service, the engagement must either be specifically approved by the Audit Committee or fall into one of the defined categories that have been pre-approved. The policy defines the services and the estimated range of fees for such services that the committee has pre-approved. The term of any such

categorical approval is 12 months, unless the committee specifically provides otherwise, and the policy requires the related fee levels to be set annually. Where actual invoices in respect of any service are materially in excess of the estimated range, the committee must approve such excess amount prior to payment. The policy also prohibits the company from engaging the auditor to provide certain defined non-audit services that are prohibited under SEC rules. Under the policy, the Audit Committee may delegate pre-approval authority to one or more of its members, but may not delegate such authority to the company's management. Under the policy, our management must inform the Audit Committee of each service performed by our independent auditor pursuant to the policy. Requests to the Audit Committee for separate approval must be submitted by both the independent auditor and our chief financial officer and the request must include a joint statement as to whether it is deemed consistent with the SEC's and PCAOB's rules on auditor independence.

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Certain Relationships and Related Transactions

Our manager provides the day-to-day management of our operations pursuant to a management agreement between us and our manager.

**Relationship to our external manager**

In 2009 we entered into a management agreement with our manager pursuant to which our manager provides the day-to-day management of our operations. The management agreement requires our manager to manage our business affairs in conformity with the policies and the investment guidelines that are approved and monitored by our Board of Directors. Our manager is entitled to receive from us a management fee. The management fee is equal to 1.50% of the company's stockholders' equity per annum, subject to specified adjustments, which is calculated and payable quarterly in arrears. We are also obligated to reimburse certain operating expenses related to the company incurred by our manager, including directors and officers insurance, accounting services, auditing and tax services, filing fees and miscellaneous general and administrative costs. The management agreement renews for one-year terms unless terminated by either us or our manager. Our manager is entitled to receive a termination fee from us, under certain circumstances.

Our executive officers are employees of Invesco. As a result, the terms of the management agreement between us and our manager were negotiated between related parties, and the terms, including fees and other amounts payable, may not be as favorable to us as if they had been negotiated with an unaffiliated third party. Each year, in connection with the annual renewal of the management agreement, our Audit Committee reviews the management fee in the context of a review of peer company management fees. Our management fee structure, 1.50% of stockholders' equity subject to specified adjustments, is the same as a large majority of the externally managed mortgage REITs we consider to be our peers. With respect to 2017, management fees paid or payable to our manager were approximately \$37.6 million, and we reimbursed our manager approximately \$6.3 million for operating expenses.

We grant shares of our common stock to each non-executive director and grant equity awards to personnel of our manager who are not executive officers.

**Grants of equity compensation to our manager, its personnel and its affiliates**

We adopted the Invesco Mortgage Capital Inc. 2009 Equity Incentive Plan (the "Equity Plan") to provide incentive compensation to attract and retain qualified directors, officers, advisors, consultants and other personnel, including our manager and its affiliates and personnel of our manager. Our Equity Plan provides for grants of stock options, restricted stock, phantom shares, dividend equivalent rights and other equity-based awards.

We grant shares of our common stock to each non-executive director as part of such director's compensation. In addition, we grant equity awards to personnel of our manager who are not our executive officers. We do not intend to grant equity-based awards to our executive officers.

**Ownership of common stock by affiliates**

Invesco, through our manager, beneficially owns approximately 1.3% of our outstanding common stock as of December 31, 2017. Invesco, through Invesco Investments (Bermuda) Ltd., beneficially owns 1,425,000 units of the partnership interests of our operating partnership ( OP units ), which are convertible into our common stock.

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We have granted our manager and its affiliate registration rights with regard to common stock and OP units owned by such entities.

**Registration rights**

We have entered into a registration rights agreement with regard to the common stock and OP units owned by our manager and Invesco Investments (Bermuda) Ltd., respectively, and any shares of common stock that our manager may elect to receive under the management agreement or otherwise. Pursuant to the registration rights agreement, we granted to our manager and Invesco Investments (Bermuda) Ltd., respectively:

(1) unlimited demand registration rights to have the shares purchased by our manager or granted to it in the future and the shares that we may issue upon redemption of the OP units purchased by Invesco Investments (Bermuda) Ltd. registered for resale, and (2) in certain circumstances, the right to piggy-back these shares in registration statements we might file in connection with any future public offering so long as we retain our manager as the manager under the management agreement.

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Related Person Transaction Policy

Management is required to present for the approval or ratification of the Audit Committee all material information regarding an actual or potential related person transaction.

The Board of Directors has adopted written Policies and Procedures with Respect to Related Person Transactions to address the review, approval, disapproval or ratification of related person transactions. Related persons include the company's executive officers, directors, director nominees, holders of more than five percent (5%) of the company's voting securities, immediate family members of the foregoing persons, and any entity in which any of the foregoing persons is employed, is a partner or is in a similar position, or in which such person has a 5% or greater ownership interest. A related person transaction means a transaction or series of transactions in which the company participates, the amount involved exceeds \$120,000, and a related person has a direct or indirect interest (with certain exceptions permitted by SEC rules).

Management is required to present for the approval or ratification of the Audit Committee all material information regarding an actual or potential related person transaction. The policy requires that, after reviewing such information, the disinterested members of the Audit Committee will approve or disapprove the transaction. Approval will be given only if the Audit Committee determines that such transaction is in, or is not inconsistent with, the best interests of the company and its stockholders. The policy further requires that in the event management becomes aware of a related person transaction that has not been previously approved or ratified, it must be submitted to the Audit Committee promptly.

Section 16(a) Beneficial Ownership Reporting Compliance

The company believes that all Section 16(a) filing requirements were complied with during fiscal year 2017.

Section 16(a) of the Exchange Act requires certain officers, directors and persons who beneficially own more than 10% of the company's common stock to file reports of ownership and reports of changes in ownership with the SEC. The reporting officers, directors and 10% stockholders are also required by SEC rules to furnish the company with copies of all Section 16(a) reports they file. Based solely on its review of copies of such reports, the company believes that all Section 16(a) filing requirements applicable to its directors, officers and 10% stockholders were complied with during fiscal year 2017.

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## Proposal No. 2 - Advisory Vote on Executive Compensation

**General**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) enables our stockholders to vote to approve, on an advisory (nonbinding) basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the SEC's rules. This proposal, commonly known as a say-on-pay proposal, is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement.

We are externally managed and do not have any employees. Our executive officers are employees of our manager and do not receive compensation from us.

We are externally managed by our manager pursuant to a management agreement, which provides that our manager is responsible for managing our affairs. We have no employees, including our executive officers. Our executive officers, all of whom are employees of our manager (or one of its affiliates) and engaged in additional capacities for our manager (or one of its affiliates), do not receive compensation from us. Instead, we pay our manager a management fee, and our manager and its affiliates use the proceeds from the management fee, in part, to pay compensation to its officers and personnel, including our executive officers. No specific portion of the management fee is allocated to the compensation of our executive officers. Our manager makes all decisions relating to the compensation of our executive officers based on such factors as our manager may determine are appropriate. We did not pay, and do not intend to pay, any cash compensation to our executive officers, nor did we make any grants of plan-based awards, stock options or stock grants of any kind to any person who was then an executive officer for the fiscal year ended December 31, 2017. We do not provide our executive officers with pension benefits, perquisites or other personal benefits. We do not have any employment agreements with any persons and have no arrangements to make cash payments to our executive officers upon their termination from service as our officers or a change in control of the company.

See **Executive Compensation** for additional detail on our Manager's compensation programs related to our executive officers.

Notwithstanding that we do not pay our executive officers compensation, we are required by the SEC to seek an advisory vote from our stockholders to approve the compensation of our executive officers as disclosed in this proxy statement. Accordingly, we will ask our stockholders to vote **FOR** the following resolution at the Annual Meeting:

RESOLVED, that the Company's stockholders approve, on an advisory (non-binding) basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders pursuant to the Securities and Exchange Commission's compensation disclosure rules, including the Compensation Discussion and Analysis, the compensation tables and related narrative discussion.

The say-on-pay vote is advisory, and therefore not binding on the company, our Board of Directors or the Compensation Committee. Our Board of Directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this Proxy Statement, we will consider our stockholders' concerns and evaluate whether any

actions are necessary to address those concerns. At the 2017 Annual Meeting of Stockholders, 98.03% of the votes cast were in favor of the advisory proposal to approve our named executive officer's compensation. Under the Board's current policy, stockholders are given an opportunity annually to cast an advisory vote on this topic.

**Recommendation of the board**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.** This proposal requires the affirmative vote of a majority of votes cast at the Annual Meeting.



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Proposal No. 3 - Appointment of Independent Registered Public Accounting Firm

**General**

The Audit Committee of the Board has proposed the appointment of PwC as the independent registered public accounting firm to audit the company's consolidated financial statements for the fiscal year ending December 31, 2018 and to audit the company's internal control over financial reporting as of December 31, 2018.

During and for the fiscal year ended December 31, 2017, PwC audited and rendered opinions on the financial statements of the company and certain of its subsidiaries. PwC also rendered an opinion on the company's internal control over financial reporting as of December 31, 2017. See **Fees Paid to Independent Registered Public Accounting Firm** above. Representatives of PwC are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. It is also expected that they will be available to respond to appropriate questions.

**Recommendation of the board**

**THE BOARD RECOMMENDS A VOTE FOR THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018.**

Approval of this proposal requires the affirmative vote of a majority of the votes cast at the Annual Meeting. If the appointment is not approved, the Audit Committee may reconsider the selection of PwC as the company's independent registered public accounting firm. Even if the selection is ratified, the Audit Committee may, in its discretion, select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the company and our stockholders.

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## Security Ownership of Principal Stockholders

The following table sets forth the common stock beneficially owned as of March 5, 2018 by each stockholder known to us to beneficially own more than five percent of the company's outstanding common stock. The percentage of ownership indicated in the following table is based on 111,636,216 shares of common stock outstanding as of March 5, 2018.

Name and address of beneficial owner	Amount and nature of beneficial ownership <sup>1</sup>	Percent of class (%)
BlackRock, Inc., 55 East 52nd Street, New York, NY 10055	17,610,000 <sup>2</sup>	15.8
The Vanguard Group, 100 Vanguard Boulevard, Malvern, PA 19355	10,103,162 <sup>3</sup>	9.1

1 Except as described otherwise in the footnotes to this table, each beneficial owner in the table has sole voting and dispositive power with regard to the shares beneficially owned by such owner.

2 Information obtained solely by reference to the Schedule 13G/A filed with the SEC on January 9, 2018 by BlackRock, Inc. which reflects sole voting power with respect to 17,337,568 shares of common stock and sole dispositive power with respect to 17,610,000 shares of common stock.

3 Information obtained solely by reference to the Schedule 13G/A filed with the SEC on February 9, 2018 by The Vanguard Group, which reflects sole voting power with respect to 123,133 shares of common stock, shared voting power with respect to 13,578 common shares of common stock, sole dispositive power with respect to 9,974,739 shares of common stock, and shared dispositive power with respect to 128,423 shares of common stock.

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## Security Ownership of Management

The following table lists the shares of common stock beneficially owned as of March 5, 2018 by (1) each director, (2) each executive officer, and (3) all current directors and executive officers as a group. The percentage of ownership indicated below is based on 111,636,216 shares of the company's common stock outstanding on March 5, 2018.

Beneficial ownership reported in the below table has been determined according to SEC regulations and includes common stock that may be acquired within 60 days after March 5, 2018. Unless otherwise indicated, all directors and executive officers have sole voting and investment power with respect to the shares shown. No shares are pledged as security. Individual directors and executive officers, as well as directors and executive officers as a group, beneficially own less than 1% of our common stock.

Name	Shares owned
John Anzalone	62,107
Kevin Collins	14,059
John S. Day	37,430
Carolyn B. Handlon	3,427
Edward J. Hardin	24,608
James R. Lientz, Jr.	26,769
Dennis P. Lockhart <sup>1</sup>	65,677
David Lyle <sup>2</sup>	17,768
Jason Marshall	24,210
Gregory G. McGreevey	
Colin D. Meadows	
R. Lee Phegley, Jr.	10,621
All directors and executive officers as a group (12 persons)	286,676

- 1 Includes 1,750 shares held in custodial accounts and 500 shares held in trust.
- 2 Includes 500 shares held by spouse of Mr. Lyle.

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General Information Regarding

the Annual Meeting

**Questions and answers about voting your common shares**

**Q. Why did I receive this Proxy Statement?**

You have received these proxy materials because the company's Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting on May 2, 2018. This proxy statement includes information that is designed to assist you in voting your shares and information that we are required to provide to you under the rules of the SEC.

**Q. What is a proxy?**

A proxy is a written authorization from you to another person that allows such person (the proxy holder) to vote your shares on your behalf. The Board of Directors is asking you to allow any of the following persons to vote your shares at the Annual Meeting: Edward J. Hardin, Chairperson of the Board of Directors; John M. Anzalone, Chief Executive Officer; Kevin Collins, President; R. Lee Phegley, Jr., Chief Financial Officer and Robert H. Rigsby, Vice President and Secretary.

**Q. Why did I not receive my proxy materials in the mail?**

As permitted by rules of the SEC, we are making this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (Annual Report) available to our stockholders electronically via the Internet. The e-proxy process expedites stockholders' receipt of proxy materials and lowers the costs and reduces the environmental impact of our Annual Meeting.

On March 16, 2018, we mailed to stockholders of record as of the close of business on March 5, 2018 (Record Date) a Notice of Internet Availability of Proxy Materials (Notice) containing instructions on how to access this Proxy Statement, our Annual Report and other soliciting materials via the Internet. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the Proxy Statement and Annual Report. The Notice also instructs you on how you may submit your proxy. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions included in the Notice for requesting such materials.

**Q. Who is entitled to vote?**

Each holder of record of company common stock on the Record Date is entitled to attend and vote at the Annual Meeting.

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**Q. What is the difference between holding shares as a stockholder of record and as a beneficial owner ?**

**Stockholders of record.** You are a stockholder of record if at the close of business on the Record Date your shares were registered directly in your name with Computershare, our transfer agent.

**Beneficial owner.** You are a beneficial owner if at the close of business on the Record Date your shares were held by a brokerage firm or other nominee and not in your name. Being a beneficial owner means that, like most of our stockholders, your shares are held in street name. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares by following the voting instructions your broker or other nominee provides. If you do not provide your broker or nominee with instructions on how to vote your shares, your broker or nominee will be able to vote your shares with respect to some of the proposals, but not all. Please see [What if I return a signed proxy or voting instruction card, but do not specify how my shares are to be voted?](#) below for additional information.

The company has requested banks, brokerage firms and other nominees who hold shares of our common stock on behalf of beneficial owners of the shares as of the close of business on the Record Date to forward the Notice to those beneficial owners. The company has agreed to pay the reasonable expenses of the banks, brokerage firms and other nominees for forwarding these materials.

**Q. How many votes do I have?**

Every holder of a share of common stock on the Record Date will be entitled to one vote per share for each Director to be elected at the Annual Meeting and to one vote per share on each other matter presented at the Annual Meeting. On the Record Date, there were 111,636,216 shares of common stock outstanding and entitled to vote at the Annual Meeting.

**Q. What proposals are being presented at the Annual Meeting?**

The company intends to present proposals numbered one, two and three for stockholder consideration and voting at the Annual Meeting. These proposals are for:

- 1 Election of seven (7) members of the Board of Directors;

- 2 Advisory vote to approve the company's executive compensation; and
- 3 Appointment of PricewaterhouseCoopers LLP as the company's independent registered public accounting firm.

Other than the matters set forth in this Proxy Statement and matters incident to the conduct of the Annual Meeting, the company does not know of any business or proposals to be considered at the Annual Meeting. If any other business is proposed and properly presented at the Annual Meeting, the proxies received from our stockholders give the proxy holders the authority to vote on such matter in their discretion.

**Q. How does the Board of Directors recommend that I vote?**

The Board of Directors recommends that you vote:

FOR the election of the seven (7) directors nominated by our Board and named in this proxy statement;

FOR the approval, on an advisory basis, of the compensation of our named executive officers; and

FOR the appointment of PricewaterhouseCoopers LLP as the company's independent registered public accounting firm.



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**Q. How do I attend the Annual Meeting?**

All stockholders are invited to attend the Annual Meeting. An admission ticket (or other proof of share ownership) and some form of government-issued photo identification (such as a valid driver's license or passport) will be required for admission to the Annual Meeting. Only stockholders who own company common stock as of the close of business on the Record Date and invited guests will be entitled to attend the meeting. An admission ticket will serve as verification of your ownership. Registration will begin at 1:00 p.m. Eastern Time and the Annual Meeting will begin at 2:00 p.m. Eastern Time.

If your company shares are registered in your name and you received or accessed your proxy materials electronically via the Internet, click the appropriate box on the electronic proxy card or follow the telephone instructions when prompted and an admission ticket will be held for you at the check-in area at the Annual Meeting.

If you received your proxy materials by mail and voted by completing your proxy card and checked the box indicating that you plan to attend the meeting, an admission ticket will be held for you at the check-in area at the Annual Meeting.

If your company shares are held in a bank or brokerage account, contact your bank or broker to obtain a written legal proxy in order to vote your shares at the meeting. If you do not obtain a legal proxy from your bank or broker, you will not be entitled to vote your shares, but you can still attend the Annual Meeting if you bring a recent bank or brokerage statement showing that you owned our common stock on the Record Date. You should report to the check-in area for admission to the Annual Meeting.

**Q. How do I vote and what are the voting deadlines?**

You may vote your shares in person at the Annual Meeting or by proxy. There are three ways to vote by proxy:

**Via the Internet:** You can submit a proxy via the Internet until 11:59 p.m. Eastern Time on May 1, 2018, by accessing the web site <http://www.envisionreports.com/IVR> and following the instructions you will find on the web site. Internet proxy submission is available 24 hours a day. You will be given the opportunity to confirm that your instructions have been properly recorded.

**By telephone:** You can submit a proxy by telephone until 11:59 p.m. Eastern Time on May 1, 2018, by calling toll-free 1-800-652-VOTE (8683) (from the U.S. and Canada) and following the instructions.

**By mail:** If you have received your proxy materials by mail, you can vote by marking, dating and signing your proxy card and returning it by mail in the enclosed postage-paid envelope. If you hold your common stock in an account with a bank or broker (i.e. in street name ), you can vote by following the instructions on the voting instruction card provided to you by your bank or broker. Proxy cards returned by mail must be received no later than the close of business on May 1, 2018.

**Even if you plan to be present at the Annual Meeting, we encourage you to vote your common stock by proxy using one of the methods described above. Stockholders of record who attend the meeting may vote their common stock in person, even though they have sent in proxies.**

**Q. May I change or revoke my vote?**

Yes. You may change your vote in one of several ways at any time before it is cast at the Annual Meeting:

Grant a subsequent proxy via the Internet or telephone;

Submit another proxy card (or voting instruction card) with a date later than your previously delivered proxy;

Notify our Secretary in writing before the Annual Meeting that you are revoking your proxy or, if you hold your shares in street name, follow the instructions on the voting instruction card; or

If you are a stockholder of record, or a beneficial owner with a proxy from the stockholder of record, vote in person at the Annual Meeting.

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**Q. What will happen if I do not vote my shares?**

**Stockholders of record.** If you are the stockholder of record of your shares and you do not vote in person at the Annual Meeting, or by proxy via the Internet, by telephone, or by mail, your shares will not be voted at the Annual Meeting.

**Beneficial owners.** If you are the beneficial owner of your shares, your broker or nominee may vote your shares only on those proposals on which it has discretion to vote. Under the rules of the New York Stock Exchange, your broker or nominee has discretion to vote your shares on routine matters, such as Proposal No. 3, but does not have discretion to vote your shares on non-routine matters, such as Proposals No. 1 and 2. Therefore, if you do not instruct your broker as to how to vote your shares on Proposals No. 1 and 2, this would be a broker non-vote, and your shares would not be counted as having been voted on the applicable proposal. Pursuant to Maryland law, broker non-votes and abstentions are not included in the determination of the shares of common stock voting on such matter, but are counted for quorum purposes. **We therefore strongly encourage you to instruct your broker or nominee on how you wish to vote your shares.**

**Q. What if I return a signed proxy or voting instruction card, but do not specify how my shares are to be voted?**

**Stockholders of record.** If you are a stockholder of record and you submit a proxy, but you do not provide voting instructions, all of your shares will be voted FOR Proposals No. 1, 2 and 3.

**Beneficial owners.** If you are a beneficial owner and you do not provide the broker or other nominee that holds your shares with voting instructions, the broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under NYSE rules, brokers and other nominees have the discretion to vote on routine matters, such as Proposal No. 3, but do not have discretion to vote on non-routine matters, such as Proposals No. 1 and 2. Therefore, if you do not provide voting instructions to your broker or other nominee, your broker or other nominee may only vote your shares on Proposal No. 3 and any other routine matters properly presented for a vote at the Annual Meeting.

**Q. What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials?**

It means you own company common stock in more than one account, such as individually and jointly with another person. **Please vote all of your common stock.** Please see the section entitled Householding of Proxy Materials below for information on how you may elect to receive only one Notice.

**Q. What is a quorum?**

A quorum is necessary to hold a valid meeting. The presence, in person or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum for the conduct of business.

**Q. What vote is required in order to approve each proposal?**

For each proposal, the affirmative vote of a majority of the votes cast on such proposal at the Annual Meeting is required. Votes cast include only votes cast with respect to shares present in person or represented by proxy and excludes abstentions and broker non-votes.

**Q. How will voting on any other business be conducted?**

Other than the matters set forth in this Proxy Statement and matters incident to the conduct of the Annual Meeting, we do not know of any business or proposals to be considered at the Annual Meeting. If any other business is proposed and properly presented at the Annual Meeting, the persons named as proxies will vote on the matter in their discretion.

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**Q. What happens if the Annual Meeting is adjourned or postponed?**

Your proxy will still be effective and will be voted at the rescheduled Annual Meeting. You will still be able to change or revoke your proxy until it is voted.

**Q. Who will count the votes?**

A representative of Computershare, our transfer agent, will act as the inspector of election and will tabulate the votes.

**Q. How can I find the results of the Annual Meeting?**

Preliminary results will be announced at the Annual Meeting. Final results will be published in a Current Report on Form 8-K that we will file with the SEC within four (4) business days after the Annual Meeting.

**Important additional information**

**Costs of solicitation**

The cost of solicitation of proxies will be paid by the company. We have retained Alliance Advisors LLC to solicit proxies for a fee of approximately \$6,500 plus a reasonable amount to cover expenses. Proxies may also be solicited in person, by telephone or electronically by Invesco personnel who will not receive additional compensation for such solicitation. Copies of proxy materials and our Annual Report on Form 10-K will be supplied to brokers and other nominees for the purpose of soliciting proxies from beneficial owners, and we will reimburse such brokers or other nominees for their reasonable expenses.

**Principal executive offices**

Our principal executive office is located at 1555 Peachtree Street, NE, Atlanta, Georgia 30309. Our telephone number is (404) 892-0896.

**Stockholder proposals for the 2019 annual meeting**

In accordance with the rules established by the SEC, any stockholder proposal submitted pursuant to Rule 14a-8 under the Exchange Act intended for inclusion in the proxy statement for next year's annual meeting of stockholders must be received by us no later than 120 days before the anniversary of the date of this Proxy Statement (e.g. not later

than November 16, 2018). Such proposals should be sent to our Secretary in writing to Invesco Mortgage Capital Inc., Attn: Office of the Secretary, 1555 Peachtree Street N.E., Atlanta, Georgia 30309. To be included in the Proxy Statement, the proposal must comply with the requirements as to form and substance established by the SEC and our Bylaws, and must be a proper subject for stockholder action under Maryland law.

A stockholder may otherwise propose business for consideration or nominate persons for election to the Board in compliance with SEC proxy rules, Maryland law, our Bylaws and other legal requirements, without seeking to have the proposal included in the company's proxy statement pursuant to Rule 14a-8 under the Exchange Act. Under our Bylaws, notice of such a proposal must generally be provided to our Secretary not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting. The period under our Bylaws for receipt of such proposals for next year's meeting is thus from October 17, 2018 to November 16, 2018. (However, if the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, any notice by a stockholder of business or the nomination of directors for election or reelection to be brought before the annual meeting to be timely must be so delivered (i) not earlier than the 150th day prior to such annual meeting and (ii) not later than 5:00 p.m., Eastern Time on the later of (A) the 120th day prior to such annual meeting and (B) the 10th day following the day on which public announcement of the date of such meeting is first made.) SEC rules permit proxyholders to vote proxies in their discretion in certain cases if the stockholder does not comply with these deadlines, and in certain other cases notwithstanding compliance with these deadlines.

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**United States Securities and Exchange Commission reports**

A copy of the company's Annual Report on Form 10-K, including financial statements, for the fiscal year ended December 31, 2017 (the "Annual Report"), is being furnished concurrently herewith to all stockholders as of the Record Date. Please read it carefully.

Stockholders may obtain a copy of the Annual Report, without charge, by visiting the company's website or by submitting a request to our Secretary at: [company.secretary@invescomortgagecapital.com](mailto:company.secretary@invescomortgagecapital.com) or by writing Invesco Mortgage Capital Inc., Attn: Office of the Secretary, 1555 Peachtree Street N.E., Atlanta, Georgia 30309. Upon request to our Secretary, the exhibits set forth on the exhibit index of the Annual Report may be made available at a reasonable charge (which will be limited to our reasonable expenses in furnishing such exhibits).

**Communications with the chairperson and non-executive directors**

Any interested party may communicate with the Chairperson of our Board or to our non-executive directors as a group at the following addresses:

E-mail: [company.secretary@invescomortgagecapital.com](mailto:company.secretary@invescomortgagecapital.com)

Mail: Invesco Mortgage Capital Inc.

1555 Peachtree Street N.E.  
Atlanta, Georgia 30309  
Attn: Office of the Secretary

Communications will be distributed to the Board, or to any of the Board's committees or individual directors as appropriate, depending on the facts and circumstances of the communication. In that regard, the Board does not receive certain items which are unrelated to the duties and responsibilities of the Board.

In addition, the company maintains the Invesco Mortgage Capital Compliance Reporting Line for employees of the manager or its affiliates or individuals outside the company to report complaints or concerns on an anonymous and confidential basis regarding questionable accounting, internal accounting controls or auditing matters and possible violations of the company's Code of Conduct or law. Further information about the Compliance Reporting Line is available on the company's website.

Persons may submit any complaint regarding accounting, internal accounting controls or auditing matters directly to the Audit Committee of the Board of Directors by sending a written communication appropriately addressed to:

Audit Committee

Invesco Mortgage Capital Inc.

1555 Peachtree Street N.E.  
Atlanta, Georgia 30309  
Attn: Office of the Secretary



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**Householding of proxy materials**

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for Proxy Statements and Annual Reports with respect to two or more stockholders sharing the same address by delivering a single Proxy Statement and Annual Report addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

A number of banks and brokers with account holders who are beneficial holders of the company's common stock will be householding the company's proxy materials or the Notice. Accordingly, a single copy of the proxy materials or Notice will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your bank or broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive separate proxy materials or copies of the Notice, please notify your bank or broker, or contact our Secretary at: [company.secretary@invescomortgagecapital.com](mailto:company.secretary@invescomortgagecapital.com), or by mail to Invesco Mortgage Capital Inc., Attn: Office of the Secretary, 1555 Peachtree Street N.E., Atlanta, Georgia 30309, or by telephone to 404-892-0896. The company undertakes, upon oral or written request to the address or telephone number above, to deliver promptly a separate copy of the company's proxy materials or the Notice to a stockholder at a shared address to which a single copy of the applicable document was delivered. Stockholders who currently receive multiple copies of the proxy materials or the Notice at their address and would like to request householding of their communications should contact their bank or broker or the Company Secretary at the contact address and telephone number provided above.

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[invescomortgagecapital.com](http://invescomortgagecapital.com)

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***IMPORTANT ANNUAL MEETING INFORMATION***

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Eastern Time, on May 1, 2018.**

**Vote by Internet**

Go to **[www.envisionreports.com/IVR](http://www.envisionreports.com/IVR)**

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

**Vote by telephone**

Call toll free **1-800-652-VOTE (8683)** within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**A Proposals THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR EACH OF THE NOMINEES FOR DIRECTOR AND FOR ITEMS 2 AND 3.**

NOMINEES FOR DIRECTORS:	For	Against	Abstain	For	Against	Abstain	For	Against	Abstain
. Day				1.2 - Carolyn B. Handlon			1.3 - Edward J. Hardin		
R. Lientz, Jr.				1.5 - Dennis P. Lockhart			1.6 - Gregory G. McGreevey		
D. Meadows									

**For Against Abstain**

**For Against Abstain**

2. ADVISORY VOTE TO APPROVE THE COMPANY'S EXECUTIVE COMPENSATION

3. APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below**

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date (mm/dd/yyyy) Please print date  
Signature 1 Please keep signature within the box.  
Signature 2 Please keep signature within the box.

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**Important notice regarding the Internet availability of proxy materials for the 2018 Annual Meeting of Stockholders.** The 2018 Proxy Statement and the 2017 Annual Report on Form 10-K are available at: **[www.envisionreports.com/IVR](http://www.envisionreports.com/IVR)**

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

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**Proxy INVESCO MORTGAGE CAPITAL INC.**

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF INVESCO MORTGAGE CAPITAL INC.**

The undersigned hereby appoints Edward J. Hardin, John M. Anzalone, Kevin M. Collins, Richard Lee Phegley, Jr. and Robert H. Rigsby, and each of them, with power to act without the others and with power of substitution, as proxies and attorneys-in-fact, and hereby authorizes them to represent and vote, as provided on the other side, all the common stock of Invesco Mortgage Capital Inc. which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the 2018 Annual Meeting of Stockholders, or at any adjournment or postponement thereof, of Invesco Mortgage Capital Inc., to be held at Invesco's headquarters located at 1555 Peachtree Street N.E., Atlanta, Georgia 30309, with all powers which the undersigned would possess if present at the meeting.

**(Continued and to be marked, dated and signed, on the other side)**

**C Non-Voting Items**

**Change of Address** Please print your new address below. **Comments** Please print your comments below.

**Meeting Attendance**  
Mark the box to the right  
if you plan to attend the

**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.**

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