

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)

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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.

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.

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:

Via the Internet	By mail
Visit the web site listed on your Notice	Sign, date and return a requested proxy card
By telephone	In person
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:

Proposal	Board vote recommendation	For more information:
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

Name	Director Age since	Other public Independent boards	A	C	NCG
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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

Independence	5 out of our 7 current directors are independent. All of our Board committees are composed exclusively of independent directors.
Independent chairperson	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.
Executive sessions	The independent directors regularly meet in private without management. The Chairperson presides at these executive sessions.
Board oversight of risk management	Our Board has principal responsibility for oversight of the company’s risk management process and understanding of the overall risk profile of the company.

Stock ownership requirements	<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>
Board practices	<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>
Accountability	<p>Directors must be elected annually by a majority of votes cast.</p>
Insider trading restrictions	<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

Director since 2009