

CHIMERA INVESTMENT CORPORATION

Compensation Committee Charter

This Compensation Committee Charter has been adopted by the Board of Directors (the “Board”) of Chimera Investment Corporation (the “Company”).

Purpose

The purpose of the Compensation Committee (the “Committee”) shall be to: (1) evaluate the performance of and determine the compensation for the Company’s executive officers, (2) oversee, as and to the extent described herein, the type, design, implementation, administration, interpretation and amendment of the Company’s compensation plans, policies and programs, (3) recommend to the Board compensation for independent directors, and (4) produce annual reports on compensation for inclusion in the Company’s proxy statement and prepare any report relating to compensation required by the rules and regulations of the Securities and Exchange Commission (the “SEC”).

Composition of the Committee

Members of the Committee shall be appointed annually by the Board upon the recommendation of the Board’s Nominating and Corporate Governance Committee and may be removed by the Board at its discretion. The membership of the Committee shall consist of at least three directors, each of whom (i) meets the independence requirements of the New York Stock Exchange (the “NYSE”), (ii) is a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), and (iii) is an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). The Board shall affirmatively determine that each member of the Committee satisfies these requirements. In making such determination, the Board shall consider (i) any compensation paid to the member, (ii) any affiliation between the member and the Company, any of its affiliates or any of their respective management teams and (iii) all other factors relevant to a determination of whether the member has any relationships that could materially affect the member’s ability to be independent from management in connection with the duties of the Committee.

One member of the Committee shall be appointed by the Board as chair. The chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, and making regular reports to the Board.

Meetings and Operations

The Committee shall meet at least twice annually and shall report its findings to the Board in a timely fashion after each meeting that it holds. Subject to the requirements of applicable law, regulation or rule, any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if a written consent setting forth such action shall be signed by all members of the Committee.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, to the extent consistent with the Company's Articles of Incorporation, Bylaws and applicable law and rules of the NYSE, except that it shall not delegate any or all of its responsibilities set forth herein relating to executive compensation or any matters where it has determined such compensation is intended to comply with Section 162(m) of the Code by virtue of being approved by a committee of outside directors or is intended to be exempt from Section 16(b) under the 1934 Act pursuant to Rule 16b-3 by virtue of being approved by a committee of non-employee directors.

Unless otherwise set forth in this charter or determined by the Committee, the operations of the Committee shall be governed by the same rules that are applicable to the Board, as set forth in the Bylaws or Articles of Incorporation of the Company or resolutions or written consent of the Board.

Executive Officer Performance and Compensation

The Committee is responsible for annually reviewing and approving performance goals and objectives relevant to the compensation of the Chief Executive Officer (the "CEO") of the Company, annually evaluating the performance of the CEO against those goals and objectives and determining the compensation for the CEO. The Committee's decisions regarding the performance goals and objectives and the compensation of the CEO shall be reviewed and ratified by all of the independent directors of the Board. In consultation with the CEO, the Committee is responsible for reviewing and approving performance goals and objectives relevant to the compensation of other executive officers and determining the compensation levels and plans for such executive officers. The Committee shall also review and approve any employment agreements, consulting agreements and severance, change-in-control and similar termination arrangements with the CEO and any executive officer or key employee of the Company. In determining any long-term incentive component of CEO and executive officer compensation, the Committee may consider the Company's performance and relative stockholder returns, the value of similar incentive awards to CEOs and executive officers at comparable companies, the awards given to the CEO and executive officers in past years and any other factors that the Committee deems appropriate. The Committee shall consider the results of the most recent shareholder say-on-pay advisory vote in making its determinations regarding executive compensation.

Compensation Plans

The Committee is responsible for the design, implementation and, subject to the terms and provisions therein, administration of the Company's equity incentive plans and other non-qualified compensation plans, including without limitation, approving the grants of awards and payments under such plans; approving, interpreting and/or amending such plans and related agreements, except to the extent otherwise provided therein; and exercising any other power or authority as may be required or permitted under such plans. The Committee is responsible for overseeing the type, design and implementation of the Company's other compensation plans, such as, for example, tax-qualified pension plans and health and welfare benefit plans, including without limitation, making recommendations to the Board regarding such matters and exercising any other power or authority as may be expressly reserved to the Committee under such plans.

Independent Director Compensation

The Committee is responsible for recommending to the Board appropriate compensation for independent directors and compensation for serving on Board committees, reviewing such compensation periodically (at least annually) and recommending changes, as appropriate. The directors who are employees of the Company are not separately compensated for serving on the Board or on Board committees. All directors are reimbursed for expenses related to their attendance at Board and Committee meetings. Under current policies, the independent directors each receive an annual director's fee.

Compensation Reports

The Committee shall review and discuss with management the "Compensation Discussion & Analysis" for the Company's annual proxy statement, prepare a Compensation Committee Report for the Company's annual proxy statement and participate in the preparation and review of any other report regarding compensation required by the SEC rules and regulations. The Committee shall, together with the other independent directors and the Nominating and Corporate Governance Committee, oversee investor relations with stockholders on executive compensation matters, including without limitation say-on-pay advisory votes, stockholder proposals and communications with proxy advisory firms and other stockholder representatives regarding executive compensation.

Outside Advisors

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its sole discretion, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors.

However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor, and the authority granted in this charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this charter.

In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Committee must take into consideration the factors specified in the NYSE Listed Company Manual, including:

- i. The provision of other services to the Company and its affiliates by the employer of the compensation consultant, legal counsel or other advisor;

- ii. The amount of fees received from the Company and its affiliates by the employer of the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of such employer;
- iii. The policies and procedures of the employer of the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest;
- iv. Any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Committee;
- v. Any stock of the Company and its affiliates owned by the compensation consultant, legal counsel or other advisor; and
- vi. Any business or personal relationship of the compensation consultant, legal counsel, other advisor or the employer of the compensation consultant, legal counsel or other advisor with an executive officer of the Company or any of its affiliates.

The Committee may retain, or receive advice from, any compensation advisor it prefers, including ones that are not independent, after considering the specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest that would require disclosure under Item 407(e)(3)(iv) of Regulation S-K.

Annual Performance Evaluation of the Committee

The Committee shall conduct an annual review and evaluation of its performance based upon, among other things, an assessment of the Committee's fulfillment of its obligations pursuant to this charter, and shall report its findings to the Board. The review shall seek to identify specific areas, if any, in need of improvement or strengthening. As part of this review, the Committee shall consider what qualifications would be desirable for Committee members and shall report its findings to the Board. The Committee shall also review at least annually the adequacy of this charter and recommend changes or modifications for the Board's consideration and approval.