ADTRAN INC
Form 4
November 07, 2008

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *
STANTON THOMAS R

(Last) (First) (Middle)

901 EXPLORER BLVD.

(Street)

HUNTSVILLE, AL 35806

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ADTRAN INC [ADTN]

3. Date of Earliest Transaction (Month/Day/Year)
11/06/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Ar Underlying Se (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Incentive Stock Option (right to buy)	$ 15.29	11/06/2008		A		6,540		11/06/2009(1)	11/06/2018	Common Stock
Non-Qualified Stock Option (right to buy)	$ 15.29	11/06/2008		A		72,460		11/06/2009(1)	11/06/2018	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STANTON THOMAS R 901 EXPLORER BLVD. HUNTSVILLE, AL 35806	X		Chairman & CEO	

Signatures

By: Cathy Bartels For: Thomas R. Stanton	11/07/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The option vests in four equal and annual installments beginning on the first anniversary date of the grant as shown in column 6.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. be managed by the Manager through the authority delegated to it under the management agreement and pursuant to the policies established by our board of directors from time to time. The Manager is not paying consideration to us for entering into the management agreement with us.

If the Management Externalization Proposal is approved, our Manager would employ all of our executives, including: Wellington J. Denahan, Kevin G. Keyes, Kathryn F. Fagan, R. Nicholas Singh, and James P. Fortescue. Effective upon the implementation of the externalization, each of those persons would cease to be employees of Annaly and would become employees of the Manager, but would continue to be executive officers of Annaly in their current positions. Because they would be employees of the Manager, not of us, we would not pay any compensation to them. We expect that most of our employees will become employees of our Manager. For regulatory and corporate efficiency reasons, we may retain certain employees as employees of our subsidiaries; however, all compensation expenses associated with such employees will reduce the management fee. We may provide employees of our Manager with incentive compensation under equity incentive plans but the compensation expense associated with

such plans will not reduce the management fee we pay our Manager.

The management agreement provides that the Manager is prohibited from managing any entity other than us or entities owned or managed by us, that competes with us or entities that we own or manage in similar geographic regions. Additionally, Wellington J. Denahan, Kevin G. Keyes, Kathryn F. Fagan, R. Nicholas Singh and James P. Fortescue will enter into employment contracts with our Manager which prohibit them from competing with us for one year after their employment terminates if they are terminated for cause or they voluntarily terminate their employment with the Manager (other than for good reason).

The management agreement provides that if the Manager is sold, Annaly will receive all net proceeds from a sale of the Manager; the Manager's owners would not receive any sale proceeds.

Stock Ownership Requirements

If the Management Externalization Proposal is approved, the executive officers provided to us by the Manager would be required to own an amount of our shares of common stock equal to at least 6 times their 2012 base salary: Wellington J. Denahan, Kevin G. Keyes, Kathryn F. Fagan, R. Nicholas Singh and James P. Fortescue. These executive officers will each have three years from the date we instituted the stock ownership requirements to meet these ownership requirements. For purposes of this stock ownership requirement, vested shares from any restricted share grants are included in the amount of our shares of common stock that an executive officer owns.

The following table sets forth the number of shares of common stock and the aggregate values of such shares (based on the closing market price of our common stock on March 11, 2013, which was $15.31 per share) held at March 11, 2013, the amount of the ownership requirement and the amount to be purchased over the next three years for Wellington J. Denahan, Kevin G. Keyes, Kathryn F. Fagan, R. Nicholas Singh and James P. Fortescue.

Beneficial Owner	Number of Shares of Common Stock	Aggregate Share Value as of March 11, 2013	Ownership Requirement	Amount to be Acquired Over 3 Years
Wellington J. Denahan	913,263	$13,982,056	$18,000,000	$4,017,943
Kevin G. Keyes	200,000	$3,062,000	$4,500,000	$1,438,000
Kathryn F. Fagan	290,482	$4,447,279	$7,200,000	$2,752,721
R. Nicholas Singh	162,815	$2,492,697	$4,500,000	$2,007,302
James P. Fortescue	135,261	$2,070,845	$4,500,000	$2,429,154

Management Fee

In exchange for providing management, the Manager will receive a monthly management fee in an amount equal to 1/12th of 1.05% of stockholders' equity, as described below.

For purposes of calculating the management fee, our consolidated stockholders' equity for a month will be based on our consolidated stockholders' equity at the end of the most recently completed calendar quarter and calculated as the sum of the net proceeds from any issuances of our equity securities since inception less any amount we pay for repurchases of our equity securities (determined as of the most recent month end), plus our consolidated retained earnings at the end of the most recently completed calendar quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any unrealized gains, losses or other items that do not affect realized net income. This amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain non-cash charges after discussions between our Manager and our independent directors and approved by a majority of our independent directors. The management fee is payable without regard to our performance (except to the extent it affects our stockholders' equity). Our Manager will use the proceeds from its management fee to pay compensation to its officers and employees as well as our subsidiaries' employees.

The Manager's management fee will be calculated by the Manager within five days after the end of each month and such calculation shall be promptly delivered to us. Since we are calculating the management fee based on our consolidated stockholders' equity at the end of most recently completed calendar quarter, we and the Manager will reconcile the management fee at the end of each calendar quarter so that the actual management fee paid for each calendar quarter is based on the actual stockholders' equity for that quarter (as adjusted as described above). We will not pay any management fee with respect to accrued dividends. We are obligated to pay the management fee for a month in cash within five business days after delivery to us of the Manager's written statement setting forth the computation of the management fee for such month.

Annaly will have no employees following the externalization, however, some of the employees of our subsidiaries may for regulatory or corporate efficiency reasons remain as employees of our subsidiaries; however, all compensation expenses associated with such employees will reduce the management fee.

Savings Commencing as of January 1, 2013

While the Manager would commence performance of the management of our company on July 1, 2013, our shareholders will have the benefit of the compensation savings created by the externalization for the entire 2013 calendar year pursuant to a pro forma adjustment to the 2013 management fee. After the management agreement takes effect, the Manager and our Chief Financial Officer will prepare a pro forma calculation that calculates a pro forma management fee, which will be the management fee as if we were managed by the Manager from January 1, 2013 until July 1, 2013. We will pay the Manager in July 2013 an amount equal to the pro forma management fee minus the actual amount of cash compensation paid to all of our employees (and employees of our subsidiaries) from January 1, 2013 until July 1, 2013.

Reimbursement of Expenses

We will pay directly, or reimburse the Manager, for all of our expenses and all the Manager's documented expenses incurred on our behalf, other than compensation and benefits related to any and all personnel of the Manager and costs of insurance with respect to such personnel (other than certain liability insurance as described below). The costs and expenses required to be paid by us include, but are not limited to:

expenses in connection with the issuance and transaction costs incident to the acquisition, disposition and financing of assets;

costs of legal, tax, accounting, consulting, auditing, administrative and other similar services rendered for us and our subsidiaries by third party providers retained by the Manager;

the compensation of the independent directors and expenses of our directors and the cost of liability insurance to indemnify our directors and officers, our subsidiaries and the Manager;

costs associated with the establishment and maintenance of any credit facilities or other indebtedness for us and our subsidiaries (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any securities offerings by us and our subsidiaries;

expenses connected with communications to holders of our securities or our subsidiaries and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies;

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the costs payable by us to any transfer agent and registrar in connection with the listing and/or trading of our stock on any exchange or other market center and the fees payable by us to any such exchange in connection with our listing;

costs of preparing, printing and mailing our annual report to its stockholders and proxy materials with respect to any meeting of our stockholders;

costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used solely by us and our subsidiaries;

expenses incurred by managers, officers, employees and agents of the Manager for travel on behalf of us and our subsidiaries and other out-of-pocket expenses incurred by directors, managers, officers, employees and agents of the Manager in connection with the purchase, financing, refinancing, sale or other disposition of assets or establishment and maintenance of any credit facilities and other indebtedness or any securities offerings by us and our subsidiaries;

costs and expenses incurred with respect to market information systems and publications, research publications and materials, and settlement, clearing and custodial fees and expenses;

compensation and expenses of the custodian and transfer agent for us and our subsidiaries, if any;

the costs of maintaining compliance with all federal, state and local rules and regulations or any other regulatory agency;

all taxes and license fees;

all insurance costs incurred in connection with the operation of our business and that of our subsidiaries except for the costs attributable to certain insurance that the Manager elects or is required under the management agreement to carry for itself and its employees and employees of ours and our subsidiaries who remain employees thereof for regulatory or corporate efficiency reasons;

costs and expenses incurred in contracting with third parties for the servicing and special servicing of assets of ours and our subsidiaries;

all other costs and expenses relating to the business and investment operations of ours and our subsidiaries, including, without limitation, the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of assets, including appraisal, reporting, audit and legal fees;

expenses relating to any office(s) or office facilities, including but not limited to disaster backup recovery sites and facilities, maintained for us and our subsidiaries or assets separate from the office or offices of the Manager;

expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by the Board of Directors to or on account of the holders of our securities or those of our subsidiaries, including, without limitation, in connection with any dividend reinvestment plan;

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any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against us or any of our subsidiaries, or against any trustee, director or officer of ours or of any of our subsidiaries in his or her capacity as such for which we or any of our subsidiaries is required to indemnify such trustee, director or officer by any court or governmental agency;

all rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of us, our subsidiaries, the Manager and its affiliates required for our operations and our subsidiaries; and

all other expenses actually incurred by the Manager which are reasonably necessary for the performance by the Manager of its duties and functions under the management agreement.

Management Agreement Term

The management agreement may be amended or modified by agreement between us and our Manager. The initial term of the management agreement expires on December 31, 2014 and will be automatically renewed for a one year term each anniversary date thereafter unless previously terminated as described below.

Two-thirds of our independent directors or the holders of a majority of the outstanding shares of common stock would be able to terminate the management agreement for any or no reason, at any time upon one hundred eighty (180) days prior written notice. The Manager would also be able to terminate the management agreement upon one hundred eighty (180) days prior written notice.

There is no termination fee for a termination of the management agreement by either us or the Manager.

We may also terminate the management agreement effective immediately upon written notice from us to the Manager, upon:

our Manager's continued material breach of any provision of the management agreement following a period of 30 days after written notice thereof (or 45 days after written notice of such breach if our Manager, under certain circumstances, has taken steps to begin to cure such breach within 30 days of the written notice);

our Manager's fraud, misappropriation of funds, or embezzlement against us;

our Manager's gross negligence in the performance of duties under the management agreement;

the occurrence of certain events with respect to the bankruptcy or insolvency of our Manager, including an order for relief in an involuntary bankruptcy case or our Manager authorizing or filing a voluntary bankruptcy petition; or

the dissolution of our Manager.

Our Manager may terminate the management agreement effective immediately upon written notice in the event that we default in the performance or observance of any material term, condition or covenant contained in the management agreement and such default shall have continued for a period of thirty (30) days after written notice thereof specifying such default and requesting that the same be remedied in such 30-day period. Our Manager may also terminate the management agreement in the event we become required to register as an "investment company" under the Investment Company Act, with such termination deemed to have occurred immediately prior to such event.

We may not assign our rights or responsibilities under the management agreement without the prior written consent of our Manager, except in the case of an assignment to another REIT or other organization which is our successor, in which case such organization shall be bound by the terms of such assignment in the same manner as we are bound under the management agreement. Our Manager may generally only assign the management agreement with the written approval of a majority of our independent directors.

The management agreement provides that if the Manager is sold, Annaly will receive all net proceeds from a sale of the Manager; the Manager's owners would not receive any sale proceeds.

Review Provided by Credit Suisse

The independent members of our board of directors engaged Credit Suisse to act as their financial advisor in connection with any externalization. In that capacity, in a series of meetings, including the meeting on March 14, 2013 at which the Management Externalization Proposal was approved, Credit Suisse reviewed with the independent directors certain of the material terms of certain publicly available management agreements between the following externally managed mortgage REITs and their respective external managers.

Two Harbors Investment Corp.,

Invesco Mortgage Capital Inc.,

PennyMac Mortgage Investment Trust,

American Capital Mortgage Investment Corp.,

AG Mortgage Investment Trust,

Apollo Residential Mortgage, Inc.,

Western Asset Mortgage Capital Corporation,

Javelin Mortgage Investment Corp.,

ZAIS Financial Corp.,

American Capital Agency Corp.,

Hatteras Financial Corp.,

ARMOUR Residential REIT, Inc.,

Anworth Mortgage Asset Corporation,

Starwood Property Trust, Inc.,

Colony Financial, Inc.,

Explanation of Responses:

Resource Capital Corp.,

Apollo Commercial Real Estate Finance, Inc.,

Ares Commercial Real Estate Corporation, and

Newcastle Investment Corp.

Credit Suisse reviewed with the independent directors the annual base management fees payable by these externally managed mortgage REITS (as a percentage of their stockholders' equity) to their respective external managers, the initial term of their respective management agreements and the respective termination fees payable in connection with the termination of such management agreements as a multiple of trailing average annual management fees).

The following table summarizes the information reviewed by Credit Suisse.

	Mean	Median	High	Low
Base management fee	1.40%	1.50%	1.50%	0.65%*
Initial Term	3.2 years	3.0 years	10 years	2 years
Termination fee multiple	3.0x	3.0x	4.0x	3.0x

* Implied based on a sliding scale base management fee structure reflected in the applicable management agreement and the applicable REIT's stockholders' equity based on its most recent publicly available balance sheet. The lowest fixed base management fee observed by Credit Suisse was 1.20%.

Credit Suisse's review was based on publicly-available information through March 14, 2013. In connection with its review, Credit Suisse did not independently verify any of the foregoing information, and Credit Suisse assumed and relied on such information being complete and accurate in all material respects. Credit Suisse was not requested to, and it did not, recommend the specific terms of the proposed management agreement, which terms were determined through negotiations between the independent members of our board of directors and the Manager, and the decision to recommend the Management Externalization Proposal to our shareholders was solely that of the independent members of our board of directors. Credit Suisse's review was only one of many factors considered by the independent members of our board of directors in their evaluation of the proposed management agreement and should not be viewed as determinative of the views of the independent members of our board of directors with respect to the proposed management agreement or the terms thereof.

The summary of Credit Suisse's review set forth above does not purport to be a complete summary of all advice and other communications made by Credit Suisse to the independent members of our board of directors.

Credit Suisse's review was provided to the independent directors (in their capacity as directors of Annaly) for their information in connection with their evaluation of the proposed management agreement with the Manager and did not address the business decision of Annaly to proceed with the proposed externalization. Credit Suisse's review does not constitute advice or a recommendation to any shareholder as to how such shareholder should vote or act on any matter relating to the Management Externalization Proposal. Credit Suisse did not express any opinion or view as to the prices at which shares of our common stock would trade at any time.

Explanation of Responses:

Credit Suisse will receive a customary fee for its services payable upon the filing by us of a definitive proxy statement regarding the Management Externalization Proposal with the Securities and Exchange Commission. In addition, we have agreed to reimburse Credit Suisse for its reasonable expenses, including fees and expenses of legal counsel, and to indemnify Credit Suisse and certain related parties against certain liabilities and other items, including liabilities under the federal securities laws, arising out of or relating to its engagement.

Credit Suisse and its affiliates have in the past provided and are currently providing investment banking and other financial services to us and our affiliates, for which Credit Suisse and its affiliates have received, and would expect to receive, compensation, including, during the past two years, having acted as an underwriter on issuances of our common and preferred equity and convertible senior notes in that time period; having entered into repurchase agreements and interest rate swaps with Annaly and its affiliates; having advised CreXus Investment Corp. ("CreXus"), an affiliate of Annaly, on its acquisition of a portfolio of commercial real estate assets from Barclays Capital Real Estate Inc. in 2011; having acted as an underwriter on CreXus's common stock offering in 2011; and having provided certain financial advisory services to us and our affiliates. In 2012, we entered into a Distribution Agency Agreement to sell shares of our common stock from time to time through Credit Suisse as our sales agent. We did not make any sales under such Distribution Agency Agreement in 2012. Credit Suisse and its affiliates may in the future provide financial advice and services, to us and our affiliates for which Credit Suisse and its affiliates would expect to receive compensation.

Credit Suisse is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for its and its affiliates' own accounts and the accounts of customers our equity, debt and other securities and financial instruments (including bank loans and other obligations).

Conflicts of Interest

The Manager will be owned by our management. This may cause members of our management to have interests in the Management Externalization Proposal that conflict with our interests and those of our stockholders.

Regulatory Matters

We are not aware of any material approval or other action by any state, federal or foreign governmental agency that would be required prior to the consummation of the Management Externalization Proposal in order to effect the externalization or of any license or regulatory permit that is material to our business or the business of the Manager and which is likely to be adversely affected by the consummation of the Management Externalization Proposal.

Risk Factors

The management agreement was not negotiated on an arm's-length basis and the terms, including fees payable, may not be as favorable to us as if it were negotiated with an unaffiliated third party.

Because the Manager will be owned by members of our management, the management agreement was developed by related parties, and our independent directors, who were responsible for protecting our and our stockholders' interests with regard to the management agreement, did not have the benefit of arm's-length advice from our executive officers. The terms of the management agreement, including fees payable, may not reflect the terms we may have received if it was negotiated with an unrelated third party. In addition, particularly as a result of our relationship with the principal owners and employees of the Manager, our directors may choose not to enforce, or to enforce less vigorously, our rights under the management agreement because of our desire to maintain our ongoing relationship with our Manager.

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We will be dependent upon the Manager who will provide services to us through the management agreement and we may not find suitable replacements for our Manager if the management agreement is terminated or the Manager's key personnel are no longer available to us.

The Manager will be responsible for making all of our investment decisions. We believe that the successful implementation of our investment and financing strategies will depend upon the experience of certain of the Manager's officers and employees. None of these individuals' continued service is guaranteed. If the management agreement is terminated or these individuals leave the Manager, the Manager or we may be unable to replace them with persons with appropriate experience, or at all, and we may not be able to execute our business plan.

The management fee is payable regardless of our performance.

The Manager will receive a management fee from us that is based on a percentage of our stockholders' equity, regardless of the performance of our investment portfolio (except to the extent that that performance affects our stockholders' equity). For example, we would pay our Manager a management fee for a specific period even if we experienced a net loss during the same period. The Manager's entitlement to substantial nonperformance-based compensation may reduce its incentive to provide attractive risk-adjusted returns for our investment portfolio. This in turn could harm our ability to make distributions to our stockholders and the market price of our common stock.

The fee structure of the management agreement may limit the Manager's ability to retain access to its key personnel.

The management agreement does not provide the Manager with an incentive management fee that would pay the Manager additional compensation as a result of meeting performance targets. Some of our externally managed competitors pay their managers an incentive management fee, which could enable the manager to provide additional compensation to its key personnel. Thus, the lack of an incentive fee in the management agreement may limit the ability of the Manager to provide key personnel, with additional compensation for strong performance, which could adversely affect the Manager's ability to retain these key personnel (although personnel of the Manager will be eligible to participate in our stock based incentive programs). If the Manager were not able to retain any of the key personnel that will be providing services to the Manager, it would have to find replacement personnel to provide those services. Those replacement key personnel may not be able to produce the same operating results as the current key personnel.

THE INDEPENDENT MEMBERS OF OUR BOARD OF DIRECTORS HAVE DETERMINED THAT THE MANAGEMENT EXTERNALIZATION PROPOSAL IS FAIR TO, AND IN THE BEST INTERESTS OF, OUR COMPANY AND OUR STOCKHOLDERS. ACCORDINGLY, THE INDEPENDENT MEMBERS OF OUR BOARD OF DIRECTORS RECOMMEND THAT OUR STOCKHOLDERS VOTE "FOR" APPROVAL OF THE MANAGEMENT EXTERNALIZATION PROPOSAL.

PROPOSAL 3
APPROVAL OF A NON-BINDING ADVISORY VOTE
APPROVING EXECUTIVE COMPENSATION

Our board of directors is committed to corporate governance best practices and recognizes the significant interest of stockholders in executive compensation matters. We are providing this advisory vote as required pursuant to Section 14A of the Securities Exchange Act. The stockholder vote will not be binding on us or the board of directors, and it will not be construed as overruling any decision by us or the board of directors or creating or implying any change to, or additional, fiduciary duties for us or the board of directors.

Our board of directors believes that our compensation is directly linked to our principal business objective of generating income for our stockholders. Our compensation programs are designed to reward employees for achieving outstanding performance in our key metrics, which are our dividends and total shareholder return; to attract and retain world class talent; and to align compensation with the long term interests of our shareowners. We also believe that as an employee's level or responsibility increases, so should the proportion of performance based compensation. As a result, our executive compensation programs closely tie pay to performance.

Individual performance assessments for each executive officer were determined at the discretion of the compensation committee in close consultation with our CEO (except when her own performance assessment is being determined). The CEO's executive officer performance assessment recommendations were based on an overall subjective assessment of each officer's performance and no single factor was determinative in setting bonus levels, nor was the impact of any individual factor on the bonus quantifiable. We operate in a rapidly evolving and highly competitive industry and we set a high bar for performance expectations for each one of our executive officers. The compensation committee evaluates our executive officers based on their overall performance, impact and results, as well as their demonstration of strong leadership, long term vision, effective execution and management capabilities.

As described under "Compensation Discussion and Analysis" our board of directors believes that our compensation is directly linked to our principal business objective of generating income for our stockholders as follows:

Each executive has a targeted aggregate cash compensation which is calculated as a percentage of our stockholders' equity. We believe that only successful performance by our management will increase the value of our stockholders' equity and, therefore, ties compensation for our executive officers to our performance.

Because we pay at least 90% of our earnings to stockholders as dividends, unlike most companies, we cannot grow our business and our stockholders' equity by reinvesting our earnings. Rather, our growth in stockholders' equity is dependent on sequential access to the capital markets. This places a unique market discipline on us since we are able to access the capital markets only if the markets believe our performance warrants it.

Our compensation committee takes into consideration a number of factors related to our performance, as well as the performance of the individual executive. In particular, in considering whether to approve any bonuses, the compensation committee considers our increase in assets under management, earnings per share, profitability, overall economic conditions as well as competitive practices among our competitors in the portfolio management business. The compensation committee also considers the individual efforts made by the executive in achieving overall company goals.

For these reasons, the board of directors recommends that stockholders vote in favor of the following resolution:

"RESOLVED, that the compensation paid to the company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative

discussion, is hereby APPROVED."

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THIS RESOLUTION.

PROPOSAL 4
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audit committee has appointed Ernst & Young LLP, or Ernst & Young, to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2013, and shareholders are asked to ratify the selection at the Annual Meeting.

We expect that representatives of Ernst & Young will be present at the annual meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. If the appointment of Ernst & Young is not ratified, our audit committee will reconsider the appointment.

Ernst & Young first audited our financial statements beginning with the year ended December 31, 2012. During this time, Ernst & Young and its affiliated entities performed accounting and auditing services for us. On March 13, 2012, our audit committee approved the dismissal of Deloitte & Touche LLP, or Deloitte, as our independent registered public accounting firm and appointed Ernst & Young as our new independent registered public accounting firm. Deloitte was our independent registered public accounting firm from our formation in November 1996 through the year 2011.

Deloitte's audit reports on our financial statements as of and for the years ended December 31, 2011 and 2010, did not contain an adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the two fiscal years ended December 31, 2011 and 2010 and through March 13, 2012, there were (i) no disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between us and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Deloitte would have caused Deloitte to make reference thereto in its reports on our consolidated financial statements for such years, and (ii) no "reportable events" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

On March 13, 2012, we provided Deloitte with a copy of our Current Report on Form 8-K and requested that Deloitte provide us with a letter addressed to the Securities and Exchange Commission stating whether or not Deloitte agrees with the above disclosures. A copy of Deloitte's letter, dated March 13, 2012, is attached as Exhibit 16.1 to our Current Report on Form 8-K filed on March 19, 2012.

On March 13, 2012, the Audit Committee approved the appointment of Ernst & Young as our new independent registered public accounting firm, effective March 13, 2012, to perform independent audit services for the fiscal year ended December 31, 2012 (including with respect to our quarterly period ended March 31, 2012). During the two fiscal years ended December 31, 2011 and 2010 and through March 13, 2012, neither we, nor anyone on our behalf, consulted Ernst & Young regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to our consolidated financial statements, and no written report or oral advice was provided to us by Ernst & Young that was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a disagreement (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a "reportable event" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR 2013.

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Explanation of Responses: 20

Relationship with Independent Registered Public Accounting Firm

In addition to performing the audits of our financial statements and management's assessment of the effectiveness of the internal control over financial reporting, Ernst & Young and its affiliated entities, or E&Y, provided audit-related services for us during 2012. In addition to performing the audits of our financial statements and management's assessment of the effectiveness of the internal control over financial reporting, Deloitte and its affiliated entities, or D&T, provided audit-related services for us during 2011. The aggregate fees billed for 2012 by E&Y and 2011 by D&T for each of the following categories of services are set forth below:

Audit Fees: The aggregate fees billed by E&Y for audit and reviews of our 2012 financial statements were $875,000. The aggregate fees billed by D&T for audit and reviews of our 2011 financial statements were $770,550.

Audit-Related Fees: The aggregate fees billed by E&Y for audit related services during 2012 were $173,280. The aggregate fees billed by D&T for audit-related services during 2011 were $17,000. The audit-related services in 2012 and 2011 principally included due diligence and accounting consultation relating to our public offerings.

Tax Fees: The aggregate fees billed by E&Y for tax services for 2012 were $59,500. The aggregate fees billed by D&T for tax services for 2011 were $37,820.

All Other Fees: The aggregate fees billed by E&Y for all other services for 2012 were $18,109. The other services principally included accounting consultations. D&T did not perform any other kinds of services for us during 2011 and we did not pay D&T any additional fees.

The audit committee has also adopted policies and procedures for pre-approving all non-audit work performed by our independent registered public accounting firm. Specifically, the audit committee pre-approved the use of E&Y for the following categories of non-audit services: SEC filings, including comfort letters, consents and comment letters; accounting consultations on matters addressed during the audit or interim reviews; and tax compliance and consultations. Our audit committee approved the hiring of E&Y to provide all of the services detailed above prior to such independent registered public accounting firm's engagement. None of the services related to the Audit-Related Fees described above was approved by the audit committee pursuant to a waiver of pre-approval provisions set forth in applicable rules of the Securities and Exchange Commission.

Additionally, for the period that D&T performed the audits of our financial statements and management's assessment of the effectiveness of the internal control over financial reporting, the audit committee pre-approved the use of D&T for the following categories of non-audit services: merger and acquisition due diligence and audit services; tax services; internal control reviews; employee benefit plan audits; and reviews and procedures that we request D&T to undertake to provide assurances on matters not required by laws or regulations. In addition, the audit committee specifically pre-approved the use of Ernst & Young for the tax services. In each case, the audit committee also set a specific annual limit on the amount of such services which we would obtain from the independent registered public accounting firm, and required management to report the specific engagements to the audit committee on a quarterly basis, and also obtain specific pre-approval from the audit committee for any engagement over five percent of the total amount of revenues estimated to be paid by us to such independent registered public accounting firm during the then current fiscal year. Our audit committee approved the hiring of D&T to provide all of the services detailed above prior to such independent registered public accounting firm's engagement. None of the services related to the Audit-Related Fees described above was approved by the audit committee pursuant to a waiver of pre-approval provisions set forth in applicable rules of the Securities and Exchange Commission.

Explanation of Responses:

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

We believe that based solely upon our review of copies of forms we have received or written representations from reporting persons, during the fiscal year ended December 31, 2012, all filing requirements under Section 16(a) of the Securities Exchange Act of 1934, as amended, applicable to our officers, directors and beneficial owners of more than ten percent of our common stock were complied with on a timely basis.

ACCESS TO FORM 10-K

On written request, we will provide without charge to each record or beneficial holder of our common stock as of March 27, 2013 a copy of our annual report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission. You should address your request to Investor Relations, Annaly Capital Management, Inc., 1211 Avenue of the Americas, Suite 2902, New York, New York 10036 or email your request to us at investor@annaly.com.

We make available on our website, www.annaly.com, under “Investor Relations/SEC Filings,” free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC.

STOCKHOLDER PROPOSALS

Any stockholder intending to present a proposal at our 2014 Annual Meeting of Stockholders and have the proposal included in the proxy statement for such meeting must, in addition to complying with the applicable laws and regulations governing submissions of such proposals, submit the proposal in writing to us no later than December 13, 2013.

Pursuant to our current Bylaws, any stockholder intending to nominate a director or present a proposal at an annual meeting of our stockholders, that is not intended to be included in the proxy statement for such annual meeting, must notify us in writing not less than 120 days nor more than 150 days prior to the first anniversary of the date of the proxy statement for the preceding year’s annual meeting. Accordingly, any stockholder who intends to submit such a nomination or such a proposal at our 2014 Annual Meeting of Stockholders must notify us in writing of such proposal by December 13, 2013, but in no event earlier than November 13, 2013.

Any such nomination or proposal should be sent to Secretary, Annaly Capital Management, Inc., 1211 Avenue of the Americas, Suite 2902, New York, NY 10036 and, to the extent applicable, must include the information required by our Bylaws.

OTHER MATTERS

As of the date of this proxy statement, the board of directors does not know of any matter that will be presented for consideration at the annual meeting other than as described in this proxy statement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that we file with the SEC at the SEC's public reference room at Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549.

Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. These SEC filings are also available to the public from commercial document retrieval services and at the Internet worldwide web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning us may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005.

EXHIBIT A
MANAGEMENT AGREEMENT

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is made as of , 2013 by and among Annaly Management Company LLC, a Delaware limited liability company (together with its permitted assignees, the "Manager"), ANNALY CAPITAL MANAGEMENT, INC., a Maryland corporation (the "Company"), and each Subsidiary (as defined below) of the Company that becomes a party to the Agreement (as defined below) pursuant to Section 29, and shall become effective and binding on the Manager and the Company as of July 1, 2013 (the "Effective Date").

WHEREAS, the Company has elected to be taxed as a "real estate investment trust" ("REIT") as defined under the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Company and the Subsidiaries each desire to retain the Manager to provide investment advisory services to the Company and the Subsidiaries on the terms and conditions hereinafter set forth, and the Manager wishes to be retained to provide such services.

NOW THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

The following terms have the following meanings assigned to them:

(a) "Affiliate" means (i) any Person directly or indirectly controlling, controlled by, or under common control with such other Person, (ii) any executive officer, general partner or employee of such other Person, (iii) any member of the board of directors or board of managers (or bodies performing similar functions) of such Person, and (iv) any legal entity for which such Person acts as an executive officer or general partner.

(b) "Agreement" means this Management Agreement, as amended from time to time.

(c) "Assets" means the assets of the Company and the Subsidiaries.

(d) "Bankruptcy" means, with respect to any Person, (a) the filing by such Person of a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code or any other federal, state or foreign insolvency law, or such Person's filing an answer consenting to or acquiescing in any such petition, (b) the making by such Person of any assignment for the benefit of its creditors, (c) the expiration of sixty (60) days after the filing of an involuntary petition under Title 11 of the Unites States Code, an application for the appointment of a receiver for a material portion of the assets of such Person, or an involuntary petition seeking liquidation, reorganization, arrangement or readjustment of its debts under any other federal, state or foreign insolvency law, provided that the same shall not have been vacated, set aside or stayed within such 60-day period or (d) the entry against it of a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereinafter in effect.

(e) "Board of Directors" means the Board of Directors of the Company.

(f) "Code" has the meaning set forth in the recitals of the Agreement.

(g) "Common Stock" means the common stock, par value $0.01 per share, of the Company.

(h) "Company" has the meaning set forth in the preamble of the Agreement.

(i) "Company Account" has the meaning set forth in Section 5 of the Agreement.

(j) "Company Executive Officer" means the Company's Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, and Chief Legal Officer of the Company.

(k) "Company Indemnified Party" has the meaning set forth in Section 11(b) of the Agreement.

(l) "Effective Termination Date" has the meaning set forth in Section 13(a) of the Agreement.

(m) "Excess Funds" has the meaning set forth in Section 2(m) of the Agreement.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(o) "Expenses" has the meaning set forth in Section 9 of the Agreement.

(p) "GAAP" means generally accepted accounting principles, as applied in the United States.

(q) "Governing Instruments" means, with regard to any entity, the articles of incorporation and bylaws in the case of a corporation, certificate of limited partnership (if applicable) and the partnership agreement in the case of a general or limited partnership, the articles of formation and the operating agreement in the case of a limited liability company, the trust instrument in the case of a trust, or similar governing documents, in each case as amended from time to time.

(r) "Guidelines" has the meaning set forth in Section 2(b)(i) of the Agreement.

(s) "Indemnitee" has the meaning set forth in Section 11(b) of the Agreement.

(t) "Indemnitor" has the meaning set forth in Section 11(c) of the Agreement.

(u) "Independent Directors" means the members of the Board of Directors who are not officers or employees of the Manager or any Person directly or indirectly controlling or controlled by the Manager, and who are otherwise "independent" in accordance with the Company's Governing Instruments and, if applicable, the rules of any national securities exchange on which the Common Stock is listed.

(v) “Initial Term” has the meaning set forth in Section 13(a) of the Agreement.

(w) “Investment Company Act” means the Investment Company Act of 1940, as amended.

(x) “Management Fee” means a management fee, payable (in cash) monthly in arrears, in an amount equal to one-twelfth of 1.05% of the Opening Stockholders’ Equity Balance, as adjusted by the Manager in the following manner:

(A) at the end of a calendar month to reflect any changes that result from any of the events specified in clause (A) in the definition of “Stockholders' Equity” during such calendar month from the Opening Stockholders’ Equity Balance; and

(B) at the end of a calendar quarter to reflect any changes that result from the components specified in clauses (B), (C) or (D) in the definition of “Stockholders’ Equity” for such calendar quarter from the Opening Stockholders’ Equity Balance.

Since the Management Fee is to be paid monthly, and the components of Stockholders’ Equity specified in clauses (B), (C) and (D) will not be known until the end of the quarter in question, the Manager shall use the prior quarter’s value as an estimate for each monthly payment and will effect a reconciliation at the end of the quarter, so that the actual Management Fee paid for each quarter will be based on the values of the components specified in clauses (B), (C) and (D) at the end of that particular quarter.

(y) “Manager” has the meaning set forth in the preamble of the Agreement.

(z) “Manager Indemnified Party” has the meaning set forth in Section 11(a) of the Agreement.

(aa) “Monitoring Services” has the meaning set forth in Section 2(b) of the Agreement.

(bb) “Notice of Proposal to Negotiate” has the meaning set forth in Section 13(a) of the Agreement.

(cc) “NYSE” means the New York Stock Exchange LLC.

(dd) “Opening Stockholders’ Equity Balance” means Stockholders’ Equity at the end of the most recently completed calendar quarter.

(ee) “Person” means any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

(ff) “Portfolio Management Services” has the meaning set forth in Section 2(b) of the Agreement.

(gg) “Qualified REIT Subsidiary” has the meaning set forth in Section 856(i)(2) of the Code.

(hh) “REIT” has the meaning set forth in the recitals of the Agreement.

(ii) “Renewal Term” has the meaning set forth in Section 13(a) of the Agreement.

(jj) “Sale of the Manager” means the occurrence of any of the following:

(A) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Manager, taken as a whole, to any Person; or

(B) the acquisition by any Person or group other than any of the Manager’s employees (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 50% or more of the total voting power of the voting capital interests of the Manager or 50% or more of the total market value of the capital interests of the Manager,

provided that, in the case of (A) or (B), the transaction was approved by a majority of the Independent Directors prior to consummation of the transaction

(kk) “Securities Act” means the Securities Act of 1933, as amended.

(ll) “Stockholders’ Equity” means:

(A) the sum of the net proceeds from any issuances of the Company’s equity securities since inception less any amount that the Company pays for repurchases of its equity securities (determined as of the most recent month end), plus

(B) the Company’s consolidated retained earnings at the end of the most recently completed calendar quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less

(C) any unrealized gains, losses or other items that do not affect realized net income as of the most recently completed calendar quarter as adjusted to exclude

(D) one-time events pursuant to changes in GAAP and certain non-cash charges after discussions between the Manager and the Company's Independent Directors and approved by a majority of the Company's Independent Directors.

(mm) "Subsidiary" means any subsidiary of the Company; any partnership, the general partner of which is the Company or any subsidiary of the Company; and any limited liability company, the managing member of which is the Company or any subsidiary of the Company.

(nn) "Taxable REIT Subsidiary" has the meaning set forth in Section 856(l) of the Code.

(oo) "Termination Notice" has the meaning set forth in Section 13(a) of the Agreement.

(pp) "Treasury Regulations" means the regulations promulgated under the Code from time to time, as amended.

SECTION 2. APPOINTMENT AND DUTIES OF THE MANAGER.

(a) The Company and each Subsidiary that becomes a party to this Agreement each hereby appoints the Manager to manage the Assets of the Company and each Subsidiary that becomes a party to this Agreement subject to the further terms and conditions set forth in this Agreement, and the Manager hereby agrees to use its commercially reasonable efforts to perform each of the duties set forth herein. Unless otherwise provided, the appointment gives the Manager discretionary authority over the Assets and in the performance of the Portfolio Management Services, as defined below. The appointment of the Manager shall be exclusive to the Manager except to the extent that the Manager otherwise agrees, in its sole and absolute discretion, and except to the extent that the Manager elects, pursuant to the terms of this Agreement, to cause the duties of the Manager hereunder to be provided by third parties.

(b) The Manager, in its capacity as manager of the Assets and the day-to-day operations of the Company and its Subsidiaries, at all times will be subject to the supervision of the Company's Board of Directors and will have only such functions and authority as the Company and its Subsidiaries may delegate to it including, without limitation, the functions and authority identified herein and delegated to the Manager hereby. The Manager will be responsible for the day-to-day operations of the Company and its Subsidiaries and will perform (or cause to be performed) such services and activities relating to the Assets and operations of the Company and its Subsidiaries as may be appropriate, including, without limitation:

(i) serving as consultant for the Company and its Subsidiaries with respect to the periodic review of the investment criteria and parameters for the Assets, borrowings and operations, any modifications to which shall be approved by a majority of the Independent Directors (such policy guidelines as initially approved and attached hereto as Exhibit A, as the same may be modified with such approval, the "Guidelines"), and other policies for approval by the Board of Directors;

(ii) investigating, analyzing and selecting possible asset acquisition opportunities and acquiring, financing, retaining, selling, restructuring, or disposing of Assets consistent with the Guidelines;

(iii) with respect to prospective purchases, sales, or exchanges of Assets, conducting negotiations, on behalf of the Company and its Subsidiaries, with sellers and purchasers and their respective agents, representatives and investment bankers;

(iv) advising the Board of Directors with respect to alternative forms of capital raising;

(v) negotiating and entering into, on behalf of the Company and its Subsidiaries, repurchase agreements, securitizations, commercial paper, CDOs, interest rate swap agreements, warehouse facilities and other agreements and instruments required for the Company and its Subsidiaries to conduct its business;

(vi) engaging and supervising, on behalf of the Company and its Subsidiaries, and at the Company's expense, independent contractors which provide investment banking, mortgage brokerage, securities brokerage, other financial services, due diligence services, underwriting review services, and all other services as may be required relating to the Company's and the Subsidiaries' operations or Assets (or potential Assets);

(vii) advising the Company and its Subsidiaries on, preparing, negotiating and entering into, on the Company's behalf, applications and agreements relating to programs established by the U.S. Government or other governments;

(viii) coordinating and managing operations of any joint venture or co-investment interests held by the Company and its Subsidiaries and conducting all matters with the joint venture or co-investment partners;

(ix) providing executive and administrative personnel, office space and office services required in rendering services to the Company and its Subsidiaries;

(x) administering the day-to-day operations of the Company and its Subsidiaries and performing and supervising the performance of such other administrative functions necessary in the management of the Company and its Subsidiaries as may be agreed upon by the Manager and the Board of Directors, including, without limitation, the collection of revenues and the payment of the Company's and its Subsidiaries' debts and obligations and maintenance of appropriate computer services to perform such administrative functions;

(xi) communicating on behalf of the Company and its Subsidiaries with the holders of any equity or debt securities of the Company and its Subsidiaries as required to satisfy the reporting and other requirements of any governmental bodies or agencies or trading markets and to maintain effective relations with such holders;

(xii) counseling the Company in connection with policy decisions to be made by the Board of Directors;

(xiii) evaluating and recommending to the Board of Directors hedging strategies and engaging in hedging activities on behalf of the Company and its Subsidiaries, consistent with such strategies, as so modified from time to time, with the Company's status as a REIT, and with the Guidelines;

(xiv) counseling the Company regarding the maintenance of its status as a REIT and monitoring compliance with the various REIT qualification tests and other rules set out in the Code and Treasury Regulations thereunder and using commercially reasonable efforts to cause the Company to qualify for taxation as a REIT;

(xv) counseling the Company and its Subsidiaries regarding Asset holdings in order for the Company or any Subsidiary not to fall within the definition of "investment company" under the Investment Company Act or otherwise satisfy an exemption or exclusion from the Investment Company Act and monitoring compliance with the requirements for maintaining an exemption from the Investment Company Act and using commercially reasonable efforts to cause the Company and its Subsidiaries to maintain such exemption from the registration as an investment company under the Investment Company Act;

(xvi) assisting the Company and its Subsidiaries in developing criteria for asset purchase commitments that are specifically tailored to the investment objectives of the Company and its Subsidiaries and making available to the Company and its Subsidiaries its knowledge and experience with respect to mortgage loans, real estate, real estate-related securities, other real estate-related assets and non-real estate related assets;

(xvii) furnishing reports and statistical and economic research to the Company and its Subsidiaries regarding the activities of the Company and its Subsidiaries and the services performed for the Company and its Subsidiaries by the Manager;

(xviii) monitoring the operating performance of the Assets and providing periodic reports with respect to Asset performance to the Board of Directors, including comparative information with respect to such operating performance and budgeted or projected operating results;

(xix) investing and re-investing any moneys and securities of the Company and its Subsidiaries (including investing Assets in short-term financial instruments pending investment of such Assets, payment of fees, costs and expenses, or payments of dividends or distributions to stockholders and partners of the Company and its Subsidiaries) and advising the Company and its Subsidiaries as to its capital structure and capital raising;

(xx) causing the Company and its Subsidiaries to retain qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures, compliance procedures and testing systems with respect to financial reporting obligations and compliance with the provisions of the Code applicable to REITs and to conduct quarterly compliance reviews with respect thereto;

(xxi) assisting the Company and its Subsidiaries in qualifying to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;

(xxii) assisting the Company in establishing any new Subsidiaries, which may be Taxable REIT Subsidiaries or Qualified REIT Subsidiaries;

(xxiii) assisting the Company and its Subsidiaries in complying with all regulatory requirements applicable to the Company and its Subsidiaries in respect of its business activities, including preparing or causing the preparation of all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any, required under the Exchange Act and the Securities Act or by the NYSE and any other securities exchange or quotation systems on which the Company's capital stock may be traded or quoted;

(xxiv) assisting the Company and its Subsidiaries in taking all necessary actions to enable the Company to make required tax filings and reports, including soliciting stockholders for required information to the extent provided by the provisions of the Code applicable to REITs;

(xxv) placing, or arranging for the placement of, all portfolio management orders pursuant to its investment determinations for the Company and its Subsidiaries either directly with the issuer or with a broker or dealer (including any Affiliated broker or dealer);

(xxvi) handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which the Company and its Subsidiaries may be involved or to which the Company may be subject arising out of the day-to-day operations of the Company and its Subsidiaries (other than with the Manager or its Affiliates), subject to such limitations or parameters as may be imposed from time to time by the Board of Directors;

(xxvii) using commercially reasonable efforts to cause expenses incurred by or on behalf of the Company and its Subsidiaries to be commercially reasonable or commercially customary and within any budgeted parameters or expense guidelines set by the Board of Directors from time to time;

(xxviii) representing and making recommendations to the Company and its Subsidiaries in connection with the purchase and finance of, and commitment to purchase and finance, mortgage loans (including on a portfolio basis), real estate, real estate-related securities, other real estate-related assets and non-real estate-related assets, and the sale and commitment to sell such assets;

(xxix) advising the Company and its Subsidiaries with respect to and structuring long-term financing vehicles for the portfolio of Assets, and offering and selling securities publicly or privately in connection with any such structured financing;

(xxx) serving as the consultant for the Company and its Subsidiaries with respect to decisions regarding any of its financings, hedging activities or borrowings undertaken by the Company and its Subsidiaries including (1) assisting the Company and its Subsidiaries in developing criteria for debt and equity financing that is specifically tailored to its objectives; and (2) advising the Company and its Subsidiaries with respect to obtaining appropriate financing for its Assets;

(xxxi) arranging marketing materials, advertising, industry group activities (such as conference participations and industry organization memberships) and other promotional efforts designed to promote the business of the Company and its Subsidiaries;

(xxxii) performing such other services as may be reasonably required from time to time for management and other activities relating to the Assets and business of the Company and its Subsidiaries as the Board of Directors shall reasonably request or the Manager shall deem appropriate under the particular circumstances; and

(xxxiii) using commercially reasonable efforts to cause the Company and its Subsidiaries to materially comply with all applicable laws.

Without limiting the foregoing, the Manager will perform portfolio management services (the "Portfolio Management Services") on behalf of the Company and its Subsidiaries with respect to the Assets. Such services will include, but not be limited to: (i) consulting with the Company and its Subsidiaries on the purchase and sale of portfolio Assets; (ii) identifying other investment opportunities in connection with managing the portfolio of Assets; (iii) collecting information on, and submitting reports pertaining to Assets, interest rates and general economic conditions; (iv) periodically reviewing and evaluating the performance of the portfolio of Assets; (v) acting as liaison between the Company and its Subsidiaries and banking, mortgage banking, investment banking and other parties with respect to the purchase, financing and disposition of Assets; and (vi) performing other customary functions related to portfolio management. Additionally, the Manager will perform monitoring services (the "Monitoring Services") on behalf of the Company and its Subsidiaries with respect to any loan servicing activities provided by third parties. Such Monitoring Services will include, but not be limited to: (i) negotiating servicing agreements; (ii) acting as a liaison between the servicers of the assets and the Company and its Subsidiaries; (iii) reviewing servicers' delinquency, foreclosure and other reports on Assets; supervising claims filed under any insurance policies; and (iv) enforcing the obligation of any servicer to repurchase assets.

(c) For the period and on the terms and conditions set forth in this Agreement, the Company and each of its Subsidiaries hereby constitutes, appoints and authorizes the Manager as its true and lawful agent and attorney-in-fact, in its name, place and stead, to negotiate, execute, deliver and enter into such credit finance agreements and arrangements and securities repurchase and reverse repurchase agreements and arrangements, brokerage agreements, interest rate swap agreements and such other agreements, instruments and authorizations on its behalf on such terms and conditions as the Manager, acting in its sole and absolute discretion, deems necessary or appropriate. This power of attorney is deemed to be coupled with an interest.

(d) The Manager may enter into agreements with third parties, for the purpose of engaging one or more parties for and on behalf, and at the sole cost and expense, of the Company and its Subsidiaries to provide property management, asset management, leasing, development and/or other services to the Company and its Subsidiaries pursuant to agreement(s) with terms which are then customary for agreements regarding the provision of services to companies that have assets similar in type, quality and value to the assets of the Company and its Subsidiaries.

(e) To the extent that the Manager deems necessary or advisable, the Manager may, from time to time, propose to retain one or more additional service providers for the provision of sub-advisory services to the Manager in order to enable the Manager to provide the services to the Company and its Subsidiaries specified by this Agreement; provided that any such agreement (i) shall be on terms and conditions substantially identical to the terms and conditions of this Agreement or otherwise not adverse to the Company and its Subsidiaries, (ii) shall not result in an increased Management Fee or expenses to the Company, and (iii) shall be approved by the Independent Directors of the Company.

(f) The Manager may retain, for and on behalf and at the sole cost and expense of the Company and its Subsidiaries, such services of accountants, legal counsel, appraisers, insurers, brokers, dealers, transfer agents, registrars, developers, investment banks, financial advisors, due diligence firms, underwriting review firms, banks and other lenders and others as the Manager deems necessary or advisable in connection with the management and operations of the Company and its Subsidiaries. Notwithstanding anything contained herein to the contrary, the Manager shall have the right to cause any such services to be rendered by its employees or Affiliates (including having any “in-house” legal opinions of the Company be issued by employees of the Manager). The Company shall pay or reimburse the Manager or its Affiliates performing such services for the cost thereof; provided that such costs and reimbursements are no greater than those which would be payable to comparable outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm’s-length basis.

(g) The Manager may effect transactions by or through the agency of another person with it or its Affiliates which have an arrangement under which that party or its Affiliates will from time to time provide to or procure for the Manager and/or its Affiliates goods, services or other benefits (including, but not limited to, research and advisory services; economic and political analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment related publications), the nature of which is such that provision can reasonably be expected to benefit the Company as a whole and may contribute to an improvement in the performance of the Company or the Manager or its Affiliates in providing services to the Company on terms that no direct payment is made but instead the Manager and/or its Affiliates undertake to place business with that party.

(h) In executing portfolio transactions and selecting brokers or dealers, the Manager will use its commercially reasonable efforts to seek on behalf of the Company and its Subsidiaries the best overall terms available. In assessing the best overall terms available for any transaction, the Manager shall consider all factors that it deems relevant, including without limitation the breadth of the market in the security, the price of the security, the financial condition and execution capability of the broker or dealer, and the reasonableness of transaction costs, including commissions, mark-ups, markdowns or other expenses, if any, both for the specific transaction and on a continuing basis. In evaluating the best overall terms available, and in selecting the broker or dealer to execute a particular transaction, the Manager may also consider whether such broker or dealer furnishes research and other information or services to the Manager.

(i) The Manager has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular purchase, sale or other transaction, or to select any broker-dealer on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of charges of eligible broker-dealers and to minimize the expense incurred for effecting purchases, sales and other transactions to the extent consistent with the interests and policies of the Company and its Subsidiaries. Although the Manager will generally seek competitive commission rates, it is not required to pay the lowest commission or commission equivalent, provided that such decision is made in good faith to effect the best interests of the Company and its Subsidiaries.

(j) As frequently as the Manager may deem necessary or advisable, or at the direction of the Board of Directors, the Manager shall, at the sole cost and expense of the Company and its Subsidiaries, prepare, or cause to be prepared, with respect to any Investment, reports and other information with respect to such Investment as may be reasonably requested by the Company.

(k) The Manager shall prepare, or cause to be prepared, at the sole cost and expense of the Company and its Subsidiaries, all reports, financial or otherwise, with respect to the Company and its Subsidiaries reasonably required by the Board of Directors in order for the Company and its Subsidiaries to comply with its Governing Instruments or any other materials required to be filed with any governmental body or agency, and shall prepare, or cause to be prepared, all materials and data necessary to complete such reports and other materials including, without limitation, an annual audit of the Company's and its Subsidiaries' books of account by a nationally recognized independent accounting firm.

(l) The Manager shall prepare regular reports for the Board of Directors to enable the Board of Directors to review the Company's and its Subsidiaries' acquisitions, portfolio composition and characteristics, credit quality, performance and compliance with the Guidelines and policies approved by the Board of Directors.

(m) Notwithstanding anything contained in this Agreement to the contrary, except to the extent that the payment of additional moneys is proven by the Company to have been required as a direct result of the Manager's acts or omissions which result in the right of the Company to terminate this Agreement pursuant to Section 15 of this Agreement, the Manager shall not be required to expend money ("Excess Funds") in connection with any expenses that are required to be paid for or reimbursed by the Company pursuant to Section 9 in excess of that contained in any applicable Company Account (as herein defined) or otherwise made available by the Company to be expended by the Manager hereunder. Failure of the Manager to expend Excess Funds out-of-pocket shall not give rise or be a contributing factor to the right of the Company under Section 13(a) of this Agreement to terminate this Agreement due to the Manager's unsatisfactory performance.

(n) In performing its duties under this Section 2, the Manager shall be entitled to rely reasonably on qualified experts and professionals (including, without limitation, accountants, legal counsel and other service providers) hired by the Manager at the Company's and its Subsidiaries' sole cost and expense.

(o) After the Effective Date, the Manager will advise the Board of Directors of changes in the equity ownership of the Manager.

SECTION 3. DEVOTION OF TIME; NONCOMPETITION; NONSOLICITATION; SALE OF THE MANAGER.

(a) The Manager will provide the Company and its Subsidiaries with a management team, including its Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, and Chief Legal Officer and other support personnel, to provide the management services to be provided by the Manager to the Company and its Subsidiaries hereunder, the members of which team shall devote their full business time, energy and ability to the management of the Company and its Subsidiaries as the Board of Directors deems necessary and appropriate, commensurate with the level of activity of the Company and its Subsidiaries from time to time. The Board of Directors shall have the sole and exclusive right to approve any changes in the Company Executive Officers, the failure to obtain which shall constitute a material breach of this Agreement. The Manager shall provide the Company with a succession plan, which must be reasonably acceptable to a majority of the Independent Directors, setting forth the succession of replacement officers in the event that a member of the management team is unable to provide management services to the Manager.

(b) Each Company Executive Officer shall enter into an employment agreement with the Manager, to which the Company shall be a third party beneficiary, that provides that during the term of the Company Executive Officer's employment and, in the event of termination of the Company Executive Officer's employment by the Manager for Cause or voluntary termination of employment by the Company Executive Officer (other than for Good Reason), for a period of one year following such termination, the Company Executive Officer will not, directly or indirectly, without the prior written consent of the Company, manage, operate, join, control, participate in, or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System), partner, or other equity holder with, or as an officer, director or employee of, any private or public investment firm, broker dealer or real estate investment trust whose principal business strategy is based on or who engages in the trading, sales or management of mortgage-backed securities (the "Business") in any geographical region in which the Company engages in the Business. The employment agreement will further provide that it is further expressly agreed that the Company will or would suffer irreparable injury of the Company in violation of the preceding sentence of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of appropriate jurisdiction, and the Company Executive Officer further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Company Executive Officer from competing with the Company or any Subsidiary in the areas of Business in violation of this Agreement. For the purposes of this paragraph "Cause" means (i) the Company Executive Officer's failure to substantially perform the duties described in his or her employment agreement, (ii) acts or omissions constituting recklessness or willful misconduct on the part of the Company Executive Officer in respect of his or her fiduciary obligations to the Manager which is materially and demonstrably injurious to the Manager, or (iii) the Company Executive Officer's conviction for fraud, misappropriation or embezzlement in connection with the assets of the Company or the Manager. In the case of clause (i) only, it shall also be a condition precedent to the Manager's right to terminate the Company Executive Officer's employment for Cause that (1) the Manager shall first have given the Company Executive Officer written notice stating with specificity the reason for the termination ("breach") at least 60 days before such determination and the Company Executive Officer and his or her counsel are given the opportunity to answer such grounds for termination in person, at a hearing or in writing, in the Company Executive Officer's discretion; and (2) if such breach is susceptible to cure or remedy, a period of 60 days from and after the giving of the notice described in (1) shall have elapsed without the Company Executive Officer having effectively cured or remedied such breach during such 30-day

period, unless such breach cannot be cured or remedied within 60 days, in which case the period for remedy or cure shall be extended for a reasonable time (not to exceed an additional 30 days), provided the Company Executive Officer has made and continues to make a diligent effort to effect such remedy or cure. In the case of clause (iii) above, the Company Executive Officer's employment may be terminated immediately without any advance written notice. For the purposes of this paragraph "Good Reason" means the occurrence of one or more of the following without the Company Executive Officer's written consent: (i) a material breach of this Agreement by the Company, (ii) a materially significant change by the Company in the Company Executive Officer's duties, authorities or responsibilities, (iii) the relocation by the Company of the Company Executive Officer's principal place of employment more than 60 miles from New York, New York, or (iv) the failure of the Company to obtain the assumption in writing of its obligations to perform this Agreement by any successor to all or substantially all of the assets or business of the Company within fifteen (15) days upon a merger, consolidation, sale or similar transaction, provided however that none of the events specified in (i), (ii), or (iii) shall constitute Good Reason unless the Company Executive Officer shall have notified the Company in writing describing the events which constitute Good Reason and the Company shall have failed to cure such event within a reasonable period, not to exceed thirty (30) days, after the Company's actual receipt of such written notice.

(c) During the Term of this Agreement and, in the event of termination of this Agreement by the Manager pursuant to Section 13(b), for a period of one year following such termination, the Manager will not, directly or indirectly, without the prior written consent of the Company, manage, operate, join, control, participate in, or advise any real estate investment trust whose business strategy is based on or who engages in the Business in any geographical region in which the Company engages in the Business. It is further expressly agreed that the Company will or would suffer irreparable injury of the Company in violation of the preceding sentence of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of appropriate jurisdiction, and the Manager further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Manager from competing with the Company or any Subsidiary, in the areas of Business in violation of this Agreement.

(d) In the event of a Sale of the Manager, all net proceeds from the sale (as determined by the Company's Chief Financial Officer in good faith) will be paid to the Company.

SECTION 4. AGENCY.

(a) The Manager shall act as agent of the Company and each Subsidiary in making, acquiring, financing and disposing of Assets, disbursing and collecting the Company's funds, paying the debts and fulfilling the obligations of the Company and each Subsidiary, supervising the performance of professionals engaged by or on behalf of the Company and the Subsidiaries, and handling, prosecuting and settling any claims of or against the Company or Subsidiary, the Board of Directors, and holders of the Company's and the Subsidiaries' Assets.

(b) Managers, partners, officers, employees and agents of the Manager or Affiliates of the Manager may serve as directors, officers, employees, agents, nominees or signatories for the Company or any Subsidiary, to the extent permitted by their Governing Instruments or by any resolutions duly adopted by the Board of Directors pursuant to the Company's Governing Instruments. When executing documents or otherwise acting in such capacities for the Company or the Subsidiary, such persons shall use their respective titles in the Company or the Subsidiary.

(c) The Manager is authorized, for and on behalf of, and at the sole cost and expense of the Company and the Subsidiaries, to employ securities dealers for the purchase and sale of Assets as the Manager deems necessary or appropriate, in its sole discretion. All trades will be executed with established securities dealers which are approved by the Manager selected in a manner consistent with best execution. No concessions on prices will be made to any dealer by reason of services or goods provided or offered to be provided. In addition to the gross dealing price, the Manager will take into account the level of charges, mark up or mark down made by the counterparty and the creditworthiness of the counterparty.

(d) The Company (including the Board of Directors) agrees to take, or cause to be taken, all actions reasonably required to permit and enable the Manager to carry out its duties and obligations under this Agreement, including, without limitation, all steps reasonably necessary to allow the Company to file any registration statement in a timely manner or to deliver any financial statements or other reports with respect to the Company or any Subsidiary. If the Manager is not able to provide a service, or in the reasonable judgment of the Manager it is not prudent to provide a service, without the approval of the Board of Directors or the Independent Directors, as applicable, then the Manager shall use good faith reasonable efforts to promptly obtain such approval and shall be excused from providing such service (and shall not be in breach of this Agreement) until the applicable approval has been obtained.

SECTION 5. BANK ACCOUNTS.

At the direction of the Board of Directors, the Manager may establish and maintain one or more bank accounts in the name of the Company or any Subsidiary (any such account, a "Company Account"), and may collect and deposit funds into any such Company Account or Company Accounts, and disburse funds from any such Company Account or Company Accounts, under such terms and conditions as the Board of Directors may approve; and the Manager shall from time to time render appropriate accountings of such collections and payments to the Board of Directors and, upon request, to the auditors of the Company or any Subsidiary.

SECTION 6. RECORDS; CONFIDENTIALITY.

The Manager shall maintain appropriate books of accounts and records relating to services performed under this Agreement, and such books of account and records shall be accessible for inspection by representatives of the Company or any Subsidiary at any time during normal business hours upon reasonable advance notice. The Manager shall keep confidential any and all information obtained in connection with the services rendered under this Agreement and shall not disclose any such information (or use the same except in furtherance of its duties under this Agreement) to non-Affiliated third parties except (i) with the prior written consent of the Board of Directors; (ii) to legal counsel, accountants and other professional advisors; (iii) to appraisers, financing sources and others in the ordinary course of the Company's and its Subsidiaries' business; (iv) to governmental officials having jurisdiction over the Company or any Subsidiary; (v) in connection with any governmental or regulatory filings of the Company or any Subsidiary or disclosure or presentations to Company or Subsidiary investors; or (vi) as required by law or legal process to which the Manager or any Person to whom disclosure is permitted hereunder is a party. The foregoing shall not apply to information which has previously become publicly available through the actions of a Person other than the Manager not resulting from the Manager's violation of this Section 6. The provisions of this Section 6 shall survive the expiration or earlier termination of this Agreement for a period of one (1) year.

SECTION 7. OBLIGATIONS OF MANAGER; RESTRICTIONS.

(a) The Manager shall require each seller or transferor of investment assets to the Company and its Subsidiaries to make such representations and warranties regarding such assets as may, in the judgment of the Manager, be necessary and appropriate. In addition, the Manager shall take such other action as it deems necessary or appropriate with regard to the protection of the Assets.

(b) The Manager shall refrain from any action that, in its sole judgment made in good faith, (i) is not in compliance with the Guidelines, (ii) would adversely affect the status of the Company as a REIT under the Code, (iii) would adversely affect the status of the Company or the Subsidiary under the Investment Company Act or the Company's or any Subsidiary's reliance on any exemption from registration as an "investment company" under the Investment Company Act, or (iv) would violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Company or any Subsidiary or that would otherwise not be permitted by the Company's Governing Instruments. If the Manager is ordered to take any such action by the Board of Directors, the Manager shall promptly notify the Board of Directors of the Manager's judgment that such action would adversely affect such status or violate any such law, rule or regulation or the Governing Instruments. Notwithstanding the foregoing or any other provisions of this Agreement, the Manager, its directors, officers, stockholders and employees shall not be liable to the Company or any Subsidiary, the Board of Directors, or the Company's or any Subsidiary's stockholders or partners, for any act or omission by the Manager, its directors, officers, stockholders or employees except as provided in Section 11 of this Agreement.

Explanation of Responses:

(c) The Board of Directors periodically reviews the Guidelines and the Company's portfolio of Assets but will not review each proposed investment, except as otherwise provided herein. If a majority of the Independent Directors determine in their periodic review of transactions that a particular transaction does not comply with the Guidelines, then a majority of the Independent Directors will consider what corrective action, if any, can be taken. The Manager shall be permitted to rely upon the direction of the Secretary of the Company to evidence the approval of the Board of Directors or the Independent Directors with respect to a proposed investment.

(d) The Manager shall at all times during the term of this Agreement maintain "errors and omissions" insurance coverage and other insurance coverage which is customarily carried by property, asset and investment managers performing functions similar to those of the Manager under this Agreement with respect to assets similar to the assets of the Company and its Subsidiaries, in an amount which is comparable to that customarily maintained by other managers or servicers of similar assets.

SECTION 8. COMPENSATION.

(a) During the Initial Term and any Renewal Term (each as defined below), the Company shall pay the Manager the Management Fee monthly in arrears commencing with the month in which this Agreement was executed. If applicable, the initial payment and final installment of the Management Fee will be pro-rated based on the number of days during the initial and final month, respectively, that this Agreement was in effect.

(b) The Manager shall compute each installment of the Management Fee within five days after the end of the calendar month with respect to which such installment is payable. A copy of the computations made by the Manager to calculate such installment shall thereafter, for informational purposes only and subject in any event to Section 13(a) of this Agreement, promptly be delivered to the Board of Directors and, upon such delivery, payment of such installment of the Management Fee shown therein shall be due and payable no later than the date which is five business days after the date of delivery to the Board of Directors of such computations.

(c) All compensation, including, without limitation, salaries, bonus and other wages, payroll taxes and the cost of employee benefit plans other than discretionary incentive compensation provided to employees in accordance with Section 8(f), and costs of insurance other than liability insurance as contemplated by Section 9(b)(iii), related to any employees of the Company or any of its Subsidiaries who remain employees thereof for regulatory or corporate efficiency reasons will be deducted from the Management Fee.

(d) The Management Fee is subject to adjustment pursuant to and in accordance with the provisions of Section 13(a) of this Agreement.

(e) The Company and the Manager agree that the Manager (as determined by the Company's Chief Financial Officer in good faith) shall prepare a pro forma calculation that sets forth a calculation of the Management Fee as if this Agreement was in effect for the period from January 1, 2013 until the Effective Date (the "Pro Forma Calculation"). The Company shall pay to the Manager, in July 2013, an amount equal to the Pro Forma Calculation minus the actual amount of cash compensation paid to any employees of the Company and any of its Subsidiaries for the period from January 1, 2013 until the Effective Date.

(f) The Company, if approved by the Board of Directors or its compensation committee, may provide employees with incentive compensation under the Company's 2010 Equity Incentive Plan (or any successor or other equity incentive plans of the Company). Any incentive compensation under the Company's 2010 Equity Incentive Plan (or any successor or other equity incentive plans of the Company) granted to the employees or any compensation expense associated with such plans will not reduce the Management Fee payable to the Manager under this Agreement.

SECTION 9. EXPENSES OF THE COMPANY.

(a) The Manager shall be responsible for the compensation expenses related to any and all personnel of the Manager, including without limitation, salaries, bonus and other wages, payroll taxes and the cost of the employee benefit plans of such personnel, and costs of insurance with respect to such personnel (other than liability insurance as contemplated by Section 9(b)(iii)).

(b) The Company shall pay all of its expenses and shall reimburse the Manager for documented expenses of the Manager incurred on its behalf (the "Expenses"), excepting those expenses that are specifically the responsibility of the Manager as set forth herein. Without limiting the generality of the foregoing, Expenses include, but are not limited to, the following:

(i) expenses in connection with the issuance and transaction costs incident to the acquisition, disposition and financing of Assets;

(ii) costs of legal, tax, accounting, consulting, auditing, administrative and other similar services rendered for the Company and its Subsidiaries by third party providers retained by the Manager.

(iii) the compensation of the Independent Directors and expenses of the Company's directors and the cost of liability insurance to indemnify the directors and officers of the Company, its Subsidiaries and the Manager;

(iv) costs associated with the establishment and maintenance of any credit facilities or other indebtedness of the Company and its Subsidiaries (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any securities offerings of the Company and its Subsidiaries;

(v) expenses connected with communications to holders of securities of the Company or its Subsidiaries and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including, without limitation, all costs of preparing and filing required reports with the Securities and Exchange Commission, the costs payable by the Company to any transfer agent and registrar in connection with the listing and/or trading of the Company's stock on any exchange or other market center, the fees payable by the Company to any such exchange in connection with its listing, costs of preparing, printing and mailing the Company's annual report to its stockholders and proxy materials with respect to any meeting of the stockholders of the Company;

Explanation of Responses:

(vi) costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used solely for the Company and its Subsidiaries;

(vii) expenses incurred by managers, officers, employees and agents of the Manager for travel on behalf of the Company and its Subsidiaries and other out-of-pocket expenses incurred by managers, officers, employees and agents of the Manager in connection with the purchase, financing, refinancing, sale or other disposition of Assets or establishment and maintenance of any credit facilities and other indebtedness or any securities offerings of the Company and its Subsidiaries;

(viii) costs and expenses incurred with respect to market information systems and publications, research publications and materials, and settlement, clearing and custodial fees and expenses;

(ix) compensation and expenses of the custodian and transfer agent of the Company and its Subsidiaries, if any;

(x) the costs of maintaining compliance with all federal, state and local rules and regulations or any other regulatory agency;

(xi) all taxes and license fees;

(xii) all insurance costs incurred in connection with the operation of the business of the Company and its Subsidiaries except for the costs attributable to the insurance that the Manager elects or is required by Sections 7(d), 8(c) or 9(b)(iii) to carry for itself and its employees and employees of the Company and its Subsidiaries who remain employees thereof for regulatory or corporate efficiency reasons;

(xiii) costs and expenses incurred in contracting with third parties for the servicing and special servicing of assets of the Company and its Subsidiaries;

(xiv) all other costs and expenses relating to the business and investment operations of the Company and its Subsidiaries, including, without limitation, the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of Assets, including appraisal, reporting, audit and legal fees;

(xv) expenses relating to any office(s) or office facilities, including but not limited to disaster backup recovery sites and facilities, maintained for the Company and its Subsidiaries or Assets separate from the office or offices of the Manager;

(xvi) expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by the Board of Directors to or on account of the holders of securities of the Company or its Subsidiaries, including, without limitation, in connection with any dividend reinvestment plan;

(xvii) any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against the Company or any Subsidiary, or against any trustee, director or officer of the Company or of any Subsidiary in his capacity as such for which the Company or any Subsidiary is required to indemnify such trustee, director or officer by any court or governmental agency;

(xviii) all rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of the Company, its Subsidiaries, the Manager and its Affiliates required for the operations of the Company and its Subsidiaries; and

(xix) all other expenses actually incurred by the Manager which are reasonably necessary for the performance by the Manager of its duties and functions under this Agreement.

The provisions of this Section 9 shall survive the expiration or earlier termination of this Agreement to the extent such expenses have previously been incurred and have not yet been paid or are incurred in connection with such expiration or termination.

SECTION 10. CALCULATIONS OF EXPENSES.

The Manager shall prepare a statement documenting the Expenses of the Company and its Subsidiaries and the Expenses incurred by the Manager on behalf of the Company during each month, and shall deliver such statement to the Company within 5 days after the end of each month. Expenses incurred by the Manager on behalf of the Company shall be reimbursed by the Company to the Manager on the fifth (5th) business day immediately following the date of delivery of such statement; provided, however, that such reimbursements may be offset by the Manager against amounts due to the Company. Cost and expense reimbursement to the Manager shall be subject to adjustment at the end of each calendar year in connection with the annual audit of the Company. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement.

SECTION 11. LIMITS OF MANAGER RESPONSIBILITY; INDEMNIFICATION.

(a) The Manager assumes no responsibility under this Agreement other than to render the services called for under this Agreement in good faith and shall not be responsible for any action of the Board of Directors in following or declining to follow any advice or recommendations of the Manager, including as set forth in Section 7(b) of this Agreement. The Manager, its officers, directors, employees, any Person controlling or controlled by the Manager and any Person providing sub-advisory services to the Manager and the officers, directors and employees of the Manager, its officers, directors, employees and any such Person will not be liable to the Company or any Subsidiary, to the Board of Directors, or the Company's or any Subsidiary's stockholders or partners for any acts or omissions by any such Person, pursuant to or in accordance with this Agreement, except by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of the Manager's duties under this Agreement. The Company and each Subsidiary shall, to the full extent lawful, reimburse, indemnify and hold the Manager, its officers, stockholders, directors, employees, any Person controlling or controlled by the Manager and any Person providing sub-advisory services to the Manager, together with the managers, officers, directors and employees of the Manager, its officers,

members, directors, employees, and any such Person (each a “Manager Indemnified Party”), harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys’ fees) in respect of or arising from any acts or omissions of such Manager Indemnified Party made in good faith in the performance of the Manager’s duties under this Agreement and not constituting such Manager Indemnified Party’s bad faith, willful misconduct, gross negligence or reckless disregard of the Manager’s duties under this Agreement.

(b) The Manager shall, to the full extent lawful, reimburse, indemnify and hold the Company (or any Subsidiary), its stockholders, directors, officers and employees and each other Person, if any, controlling the Company (each, a "Company Indemnified Party" and together with a Manager Indemnified Party, the "Indemnitee"), harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from the Manager's bad faith, willful misconduct, gross negligence or reckless disregard of its duties under this Agreement.

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

SECTION 12. NO JOINT VENTURE.

Nothing in this Agreement shall be construed to make the Company and each Subsidiary and the Manager partners or joint venturers or impose any liability as such on either of them.

SECTION 13. TERM; TERMINATION.

(a) Until this Agreement is terminated in accordance with its terms, this Agreement shall be in effect until December 31, 2014 (the "Initial Term") and shall be automatically renewed for a one-year term ending each anniversary date thereafter (a "Renewal Term") unless two-thirds of the Independent Directors or the holders of a majority of the outstanding shares of common stock elect to terminate the Agreement in their sole discretion and for any or no reason, at any time during the Term or any Renewal Term. If an election is made to terminate this Agreement as set forth above, the Company shall deliver to the Manager prior written notice of the Company's intention to terminate this Agreement not less than one hundred eighty (180) days prior to the date designated by the Company on which the Manager shall cease to provide services under this Agreement and this Agreement shall terminate on such date.

(b) The Manager may terminate this Agreement by providing prior written notice of the Manager's intention to terminate this Agreement not less than one hundred eighty (180) days prior to the date designated by the Manager on which the Manager shall cease to provide services under this Agreement and this Agreement shall terminate on such date.

(c) If this Agreement is terminated pursuant to Section 13, such termination shall be without any further liability or obligation of either party to the other, except as provided in Sections 6, 9, 10, and 16 of this Agreement. In addition, Sections 11 and 21 of this Agreement shall survive termination of this Agreement.

SECTION 14. ASSIGNMENT.

(a) Except as set forth in Section 14(b) of this Agreement, this Agreement shall terminate automatically in the event of its "assignment" (as defined under the Investment Advisers Act of 1940), in whole or in part, by the Manager, unless such assignment is consented to in writing by the Company with the consent of a majority of the Independent Directors. Any such permitted assignment shall bind the assignee under this Agreement in the same manner as the Manager is bound, and the Manager shall be liable to the Company for all errors or omissions of the assignee under any such assignment. In addition, the assignee shall execute and deliver to the Company a counterpart of this Agreement naming such assignee as Manager. This Agreement shall not be assigned by the Company without the prior written consent of the Manager, except in the case of assignment by the Company to another REIT or other organization which is a successor (by merger, consolidation, purchase of assets, or similar transaction) to the Company, in which case such successor organization shall be bound under this Agreement and by the terms of such assignment in the same manner as the Company is bound under this Agreement.

(b) Notwithstanding any provision of this Agreement, the Manager may, without the written consent of the Company, (i) assign this Agreement to an Affiliate of the Manager that is a successor to the Manager by reason of a restructuring or other internal reorganization among the Manager and any one or more of its Affiliates without the consent of the majority of the Independent Directors and (ii) delegate to one or more of its Affiliates the performance of any of its responsibilities so long as it remains liable for the Affiliate's performance In addition, provided that the Manager provides prior written notice to the Company for informational purposes only, nothing contained in this Agreement shall preclude any pledge, hypothecation or other transfer of any amounts payable to the Manager under this Agreement.

SECTION 15. TERMINATION FOR CAUSE.

(a) The Company may terminate this Agreement effective immediately upon written notice of termination from the Company to the Manager if (i) the Manager, its agents or its assignees have materially breached any provision of this Agreement and such breach shall have continued for a period of thirty (30) days after written notice thereof specifying such breach and requesting that the same be remedied in such 30-day period (or forty-five (45) days after written notice of such breach if the Manager takes steps to cure such breach within thirty (30) days of the written notice), (ii) the Manager engages in any act of fraud, misappropriation of funds, or embezzlement against the Company or any Subsidiary, (iii) there is an event of any gross negligence on the part of the Manager in the performance of its duties under this Agreement, (iv) there is a commencement of any proceeding relating to the Manager’s Bankruptcy or insolvency, or (v) there is a dissolution of the Manager.

(b) The Manager may terminate this Agreement effective immediately upon written notice of termination to the Company in the event that the Company shall default in the performance or observance of any material term, condition or covenant contained in this Agreement and such default shall have continued for a period of thirty (30) days after written notice thereof specifying such default and requesting that the same be remedied in such 30-day period.

(c) The Manager may terminate this Agreement in the event the Company becomes required to register as an “investment company” under the Investment Company Act, with such termination deemed to have occurred immediately prior to such event.

SECTION 16. ACTION UPON TERMINATION.

From and after the effective date of termination of this Agreement, pursuant to Sections 13 or 15 of this Agreement, the Manager shall not be entitled to compensation for further services under this Agreement, but shall be paid all compensation accruing to the date of termination. Upon such termination, the Manager shall forthwith:

(i) after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled, pay over to the Company or a Subsidiary all money collected and held for the account of the Company or a Subsidiary pursuant to this Agreement;

(ii) deliver to the Board of Directors a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Board of Directors with respect to the Company or a Subsidiary; and

(iii) deliver to the Board of Directors all property and documents of the Company or any Subsidiary then in the custody of the Manager.

SECTION 17. RELEASE OF MONEY OR OTHER PROPERTY UPON WRITTEN REQUEST.

The Manager agrees that any money or other property of the Company or Subsidiary held by the Manager under this Agreement shall be held by the Manager as custodian for the Company or Subsidiary, and the Manager's records shall be appropriately marked clearly to reflect the ownership of such money or other property by the Company or such Subsidiary. Upon the receipt by the Manager of a written request signed by a duly authorized officer of the Company requesting the Manager to release to the Company or any Subsidiary any money or other property then held by the Manager for the account of the Company or any Subsidiary under this Agreement, the Manager shall release such money or other property to the Company or any Subsidiary within a reasonable period of time, but in no event later than thirty (30) days following such request. The Manager shall not be liable to the Company, any Subsidiary, the Independent Directors, or the Company's or a Subsidiary's stockholders or partners for any acts performed or omissions to act by the Company or any Subsidiary in connection with the money or other property released to the Company or any Subsidiary in accordance with the second sentence of this Section 17. The Company and any Subsidiary shall indemnify the Manager and its officers, directors, employees, managers, officers and employees against any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever, which arise in connection with the Manager's release of such money or other property to the Company or any Subsidiary in accordance with the terms of this Section 17. Indemnification pursuant to this provision shall be in addition to any right of the Manager to indemnification under Section 11 of this Agreement.

SECTION 18. REPRESENTATIONS AND WARRANTIES.

(a) The Company hereby represents and warrants to the Manager as follows:

(i) The Company is duly organized, validly existing and in good standing under the laws of the State of Maryland, has the corporate power and authority and the legal right to own and operate its assets, to lease any property it may operate as lessee and to conduct the business in which it is now engaged and is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except for failures to be so qualified, authorized or licensed that could not in the aggregate have a material adverse effect on the business operations, assets or financial condition of the Company.

(ii) The Company has the corporate power and authority and the legal right to make, deliver and perform this Agreement and all obligations required hereunder and has taken all necessary corporate action to authorize this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder. No consent of any other Person, including stockholders and creditors of the Company, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by the Company in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement and all obligations required hereunder. This Agreement has been, and each instrument or document required hereunder will be, executed and delivered by a duly authorized officer of the Company, and this Agreement constitutes, and each instrument or document required hereunder when executed and delivered hereunder will constitute, the legally valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

(iii) The execution, delivery and performance of this Agreement and the documents or instruments required hereunder will not violate any provision of any existing law or regulation binding on the Company, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on the Company, or the Governing Instruments of, or any securities issued by the Company or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Company is a party or by which the Company or any of its assets may be bound, the violation of which would have a material adverse effect on the business operations, assets or financial condition of the Company and its Subsidiaries, if any, taken as a whole, and will not result in, or require, the creation or imposition of any lien or any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

(b) The Manager hereby represents and warrants to the Company as follows:

(i) The Manager is duly organized, validly existing and in good standing under the laws of the State of Delaware, has the corporate power and authority and the legal right to own and operate its assets, to lease the property it operates as lessee and to conduct the business in which it is now engaged and is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except for failures to be so qualified, authorized or licensed that could not in the aggregate have a material adverse effect on the business operations, assets or financial condition of the Manager.

(ii) The Manager has the corporate power and authority and the legal right to make, deliver and perform this Agreement and all obligations required hereunder and has taken all necessary corporate action to authorize this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder. No consent of any other Person, including members and creditors of the Manager, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by the Manager in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement and all obligations required hereunder. This Agreement has been, and each instrument or document required hereunder will be, executed and delivered by a duly authorized officer of the Manager, and this Agreement constitutes, and each instrument or document required hereunder when executed and delivered hereunder will constitute, the legally valid and binding obligation of the Manager enforceable against the Manager in accordance with its terms.

(iii) The execution, delivery and performance of this Agreement and the documents or instruments required hereunder will not violate any provision of any existing law or regulation binding on the Manager, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on the Manager, or the Governing Instruments of, or any securities issued by the Manager or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Manager is a party or by which the Manager or any of its assets may be bound, the violation of which would have a material adverse effect on the business operations, assets or financial condition of the Manager, and will not result in, or require, the creation or imposition of any lien or any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

SECTION 19. NOTICES.

Unless expressly provided otherwise in this Agreement, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of (i) personal delivery, (ii) delivery by reputable overnight courier, (iii) delivery by facsimile transmission with telephonic confirmation or (iv) delivery by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(a) If to the Company:

Annaly Capital Management, Inc.
1211 Avenue of the Americas
Suite 2902
New York, New York 10036
Attention: Wellington J. Denahan

(b) If to the Manager:

Annaly Management Company LLC
1211 Avenue of the Americas
Suite 2902
New York, New York 10036
Attention: R. Nicholas Singh, Esq.

Either party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 19 for the giving of notice.

SECTION 20. BINDING NATURE OF AGREEMENT; SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided in this Agreement.

SECTION 21. ENTIRE AGREEMENT.

This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter of this Agreement, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter of this Agreement. The express terms of this Agreement control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms of this Agreement.

SECTION 22. AMENDMENTS.

This Agreement may not be modified or amended other than by an agreement in writing signed by the parties hereto.

SECTION 23. GOVERNING LAW.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES TO THE CONTRARY (BUT WITH REFERENCE TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATION LAW, WHICH BY ITS TERMS APPLIES TO THIS AGREEMENT).

SECTION 24. NO WAIVER; CUMULATIVE REMEDIES.

No failure to exercise and no delay in exercising, on the part of any party hereto, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. No waiver of any provision hereto shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

SECTION 25. HEADINGS.

The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed part of this Agreement.

SECTION 26. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

SECTION 27. SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 28. GENDER.

Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

SECTION 29. JOINDER. Each Subsidiary of the Company will become a party to this Agreement by executing a Joinder Agreement substantially in the form attached hereto as Exhibit B.

[SIGNATURE PAGE FOLLOWS]

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

ANNALY CAPITAL MANAGEMENT, INC.

By:
Name: Kevin G. Keyes
Title: President

Annaly Management Company LLC

By:
Name: Wellington J. Denahan
Title: Chief Executive Officer

EXHIBIT A

GUIDELINES

- No investment shall be made that would cause the Company to fail to qualify as a REIT for federal income tax purposes;

- No investment shall be made that would cause the Company to be required to register as an investment company under the Investment Company Act;

- Any assets the Company purchases will be in the targeted assets of the Company (as determined from time to time by the Board of Directors); and

- Until appropriate assets can be identified, the Manager may deploy the proceeds of any offerings of capital stock of the Company or other cash of the Company in interest-bearing, short-term investments, including money market accounts and/or funds that are consistent with the Company's intention to qualify as a REIT.

EXHIBIT B

FORM OF JOINDER AGREEMENT

Reference is hereby made to the MANAGEMENT AGREEMENT made as of , 2013 (the "Agreement") by and among Annaly Management Company LLC, a Delaware limited liability company (together with its permitted assignees, the "Manager"), ANNALY CAPITAL MANAGEMENT, INC., a Maryland corporation (the "Company"), and each Subsidiary (as defined therein) of the Company that becomes a party to the Agreement pursuant to Section 29, and shall become effective and binding on the Manager and the Company as of July 1, 2013 (the "Effective Date").

Pursuant to and in accordance with Section 29 of the Agreement, the undersigned hereby agrees that upon the execution of this Joinder Agreement, it shall become a party to the Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement as though an original party thereto and shall be deemed to be a Subsidiary of the Company for all purposes thereof.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Agreement.

By:
Name:
Title:

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