

BIMINI CAPITAL MANAGEMENT, INC.  
Form PRE 14A  
March 28, 2008

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

**SCHEDULE 14A  
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

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

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- x Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**BIMINI CAPITAL MANAGEMENT, INC.**  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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  - (4) Proposed maximum aggregate value of transaction:
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- (3) Filing Party:
- (4) Date Filed:
- 

3305 Flamingo Drive, Vero Beach, Florida, 32963

April [11], 2008

Dear Stockholder,

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Bimini Capital Management, Inc. to be held at 8:00 a.m., local time, on May 27, 2008, at the Vero Beach Hotel & Club, Shoreline Room, 3500 Ocean Drive, Vero Beach, Florida. We look forward to greeting personally those stockholders that will be able to attend.

The following pages include a formal Notice of Annual Meeting of Stockholders and the Proxy Statement describing the matters expected to be acted upon at the meeting. We urge you to review these materials carefully and to take part in the affairs of the company by voting on the matters described in the Proxy Statement.

Your vote is important. Whether you plan to attend the meeting in person or not, we hope you will grant a proxy to vote your shares as soon as possible. Instructions for voting your shares are on the enclosed proxy card or vote instruction form. This will ensure representation of your shares if you are unable to attend. If you attend the meeting, you may continue to have your shares voted as instructed in the proxy or you may withdraw your proxy at the meeting and vote your shares in person.

Sincerely,

Jeffrey J. Zimmer  
Chairman, President and Chief Executive Officer

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**BIMINI CAPITAL MANAGEMENT, INC.**  
**3305 Flamingo Drive**  
**Vero Beach, Florida 32963**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 27, 2008**

To Our Stockholders:

We will hold the 2008 Annual Meeting of Stockholders (the "Annual Meeting") of Bimini Capital Management, Inc., a Maryland corporation (the "Company"), at the Vero Beach Hotel & Club, Shoreline Room, 3500 Ocean Drive, Vero Beach, Florida, on Tuesday, May 27, 2008, at 8:00 a.m., local time, for the following purposes:

1. To elect one Class II director to serve until the 2011 Annual Meeting of Stockholders and until his successor is duly elected and qualifies;

2. To elect one Class III director to serve until the 2009 Annual Meeting of Stockholders and until his successor is duly elected and qualifies;
3. To consider and vote upon a proposal to amend the Company's Charter; and
4. To consider and vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on April 4, 2008, as the record date for the Annual Meeting. Only holders of record of the Company's Class A Common Stock and Class B Common Stock as of that date are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. A list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting.

Admission to the Annual Meeting will be by admission ticket only. If you are a stockholder of record and plan to attend, tear off the admission ticket from the top half of your proxy card and bring it and a photo ID with you so that you may gain admission to the meeting.

If your shares are held through a broker, please contact your broker and request that the broker obtain an admission ticket for you or provide you with evidence of your share ownership, which will gain you admission to the Annual Meeting.

By Order of the Board of Directors,

J. Christopher Clifton  
*Senior Vice President, General Counsel,  
Chief Compliance Officer & Secretary*

Vero Beach, Florida  
April [11], 2008

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**BIMINI CAPITAL MANAGEMENT, INC.**  
**3305 Flamingo Drive**  
**Vero Beach, Florida 32963**  
**(772) 231-1400**

**PROXY STATEMENT**  
**FOR 2008 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON MAY 27, 2008**

This Proxy Statement is being furnished to the holders of Class A Common Stock and Class B Common Stock of Bimini Capital Management, Inc., a Maryland corporation (the "Company"), in connection with the solicitation by the Company's Board of Directors of proxies to be voted at the 2008 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held at the Vero Beach Hotel & Club, Shoreline Room, 3500 Ocean Drive, Vero Beach, Florida, on Tuesday, May 27, 2008, at 8:00 a.m., local time, or at any postponement or adjournment of the meeting, for the purposes set forth in the accompanying Notice of Annual Meeting.

This Proxy Statement and the enclosed proxy card or vote instruction form are being mailed to stockholders on or about April [11], 2008. If the enclosed proxy card or vote instruction form is executed and returned, it nevertheless may be revoked by the stockholder at any time prior to its use by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date or by submitting revised instructions to us by telephone or via the Internet, in accordance with the instructions on the enclosed proxy card or vote instruction form, as to how you would like your shares voted. A stockholder who attends the Annual Meeting in person may revoke his or her proxy at that time and vote in person if so desired.

Admission to the Annual Meeting will be by admission ticket only. If you are a stockholder of record and plan to attend, tear off the admission ticket from the top half of your proxy card and bring it and a photo ID with you so that you may gain admission to the meeting. If your shares are held through a broker, please contact your broker and request that the broker obtain an admission ticket for you or provide you with evidence of your share ownership, which will gain you admission to the Annual Meeting.

Unless revoked or unless contrary instructions are given, each proxy that is properly signed, dated and returned or authorized by telephone or Internet in accordance with the instructions on the enclosed proxy card or vote instruction form prior to the start of the Annual Meeting will be voted as indicated on the proxy card or via telephone or the Internet and if no indication is made, each such proxy will be deemed to grant authority to vote, as applicable:

- (1) Proposal 1: **FOR** the election of the Class II director nominee to serve until the 2011 Annual Meeting of Stockholders and until his successor is duly elected and qualifies (the "Class II Director Election Proposal");
- (2) Proposal 2: **FOR** the election of the Class III director nominee to serve until the 2009 Annual Meeting of Stockholders and until his successor is duly elected and qualifies (the "Class III Director Election Proposal");
- (3) Proposal 3: **FOR** the amendment of the Company's Charter (the "Charter Amendment Proposal"); and
- (4) At the discretion of the persons named in the enclosed Proxy Card, on any other matter that may properly come before the Annual Meeting or any adjournment or postponement of the meeting.

**THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES LISTED UNDER THE CLASS II DIRECTOR ELECTION PROPOSAL AND CLASS III DIRECTOR ELECTION PROPOSAL AND "FOR" THE CHARTER AMENDMENT PROPOSAL.**

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## FREQUENTLY ASKED QUESTIONS

### When and where is the Annual Meeting?

The Annual Meeting will be held at the Vero Beach Hotel & Club, Shoreline Room, 3500 Ocean Drive, Vero Beach, Florida, on Tuesday, May 27, 2008, at 8:00 a.m., local time.

### Why am I receiving these proxy materials?

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You are receiving these proxy materials in connection with the solicitation by our Board of Directors of proxies to be voted at the 2008 Annual Meeting of Stockholders.

If your shares were registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, as of the close of business on April 4, 2008, you are considered a stockholder of record, and we have sent you this Notice of Annual Meeting and Proxy Statement, together with the enclosed proxy card and our 2007 Annual Report.

If your shares were held in the name of a bank, brokerage account or other nominee as of the close of business on April 4, 2008, you are considered a beneficial owner of the shares held in street name. Your bank, broker or other nominee has sent you this Notice of Annual Meeting and Proxy Statement, together with the enclosed vote instruction form and our 2007 Annual Report.

You have the right to direct your bank, broker or other nominee on how to vote your shares by completing and returning the vote instruction form or by instructing your bank, broker or other nominee by following the telephone or Internet voting instructions provided.

### **What am I voting on?**

You are voting on three proposals. Details of each proposal are included in the next section entitled "Matters to Be Considered at the Annual Meeting."

- ◆ Proposal 1: To elect one Class II director (Robert E. Cauley) to serve until the 2011 Annual Meeting of Stockholders and until his successor is duly elected and qualifies;
- ◆ Proposal 2: To elect one Class III director (Robert J. Dwyer) to serve until the 2009 Annual Meeting of Stockholders and until his successor is duly elected and qualifies; and
- ◆ Proposal 3: To amend the Company's Charter.

### **What are the recommendations of the Board of Directors on how I should vote my shares?**

The Board recommends that you vote your shares as follows:

- ◆ Proposal 1: **FOR** the election of the Class II director nominee to serve until the 2011 Annual Meeting of Stockholders and until his successor is duly elected and qualifies;
- ◆ Proposal 2: **FOR** the election of the Class III director nominee to serve until the 2009 Annual Meeting of Stockholders and until his successor is duly elected and qualifies; and
- ◆ Proposal 3: **FOR** the amendment of the Company's Charter.

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### **What are my choices when voting?**

- ◆ Proposal 1: You may cast your vote in favor of the election the Class II director nominee or you may elect to abstain from voting your shares.
- ◆ Proposal 2: You may cast your vote in favor of the election the Class III director nominee or you may elect to abstain from voting your shares.
- ◆ Proposal 3: You may cast your vote for or against the proposal, or you may elect to abstain from voting your shares.

### **How will my shares be voted if I do not specify how they should be voted?**

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The Board of Directors is asking for your proxy. Giving your proxy means that you authorize us to vote your shares at the meeting in the manner you direct. If you sign and return the enclosed proxy card, but do not specify how to vote, your shares will be voted as follows:

- ◆ Proposal 1: **FOR** the election of the Class II director nominee to serve until the 2011 Annual Meeting of Stockholders and until his successor is duly elected and qualifies;
- ◆ Proposal 2: **FOR** the election of the Class III director nominee to serve until the 2009 Annual Meeting of Stockholders and until his successor is duly elected and qualifies; and
- ◆ Proposal 3: **FOR** the amendment of the Company's Charter.

### How do I vote?

You may grant a proxy to vote your shares by any one of the following methods:

- ◆ By mail: Mark your votes, sign and return the proxy card or vote instruction form in the postage paid envelope provided.
- ◆ By Internet: Log onto the website indicated on your proxy card or vote instruction form and follow the instructions provided.
- ◆ By telephone: Call the toll-free number shown on your proxy card or vote instruction form and follow the voice prompts.

Alternatively, you may attend the Annual Meeting in person and use a ballot to cast your vote. If you grant a proxy by the Internet or by telephone to vote your shares, you do not need to send in the proxy card or vote instruction form. The deadline for Internet and telephone proxy authorization will be 11:59 PM, Eastern Time, on Thursday, May 22, 2008. If your shares are held in the name of a bank, broker or other nominee, and you wish to vote your shares at the Annual Meeting, you will need to contact your bank, broker or other nominee to obtain a legal proxy form that you must bring with you to the meeting to exchange for a ballot.

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### What vote is needed for the proposals to be adopted?

As of the close of business on the record date, April 4, 2008, there were [25,013,099] shares of the Company's Class A Common Stock and 319,388 shares of the Company's Class B Common Stock issued and outstanding, representing the only classes of voting stock of the Company issued and outstanding as of such date. Each holder of Class A Common Stock and each holder of Class B Common Stock is entitled to cast one vote per share of Class A Common Stock or Class B Common Stock held on each matter that properly comes before the Annual Meeting.

- ◆ Quorum: In order to conduct the Annual Meeting, the presence, in person or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting is required. This is referred to as a quorum. If you submit a properly executed proxy card or authorize a proxy by telephone or by Internet, you will be treated as present at the Annual Meeting for purposes of determine the presence of a quorum. Proxy cards marked as abstaining and broker non-votes on any proposal to be acted on by stockholders will be treated as present at the Annual Meeting for purposes of determining the presence of a quorum.
- ◆ Proposals: The vote of a plurality of all of the votes cast at a meeting at which a quorum is present is necessary for the election of directors. For purposes of the election of directors, abstentions will not be counted as votes cast and will have no effect on the result of the vote.

The affirmative vote of a majority of all of the votes entitled to be cast on the matter is required for approval of the Charter Amendment Proposal. For purposes of the vote on the Charter Amendment Proposal, abstentions and broker non-votes will have the same effect as votes against the proposal.

### Who will count and certify the votes?

Representatives of Broadridge Financial Solutions, Inc. and our corporate secretary and controller will count the votes and certify the election results. The results will be published in our Quarterly Report on Form 10-Q for the second quarter of 2008.

**What does it mean if I receive more than one proxy card?**

It means you have multiple accounts registered with our transfer agent or with stock brokers or other nominees. Please complete and provide your voting instructions for all proxy cards and voting instruction cards that you receive.

**Will my shares be voted if I do not sign and return my proxy card?**

Possibly. If your shares are held in street name and you do not instruct your broker or other nominee how to vote your shares, your broker or nominee may either use its discretion to vote your shares on "routine matters" or leave your shares unvoted. For any "non-routine matters" considered at the meeting, including the Charter Amendment Proposal, your broker or other nominee would not be able to vote on such matters. We encourage you to provide instructions to your nominee by completing the instruction card or proxy that it sends to you. This will ensure that your shares are voted at the Annual Meeting as you direct.

**How can I change my vote?**

You have the right to revoke your proxy at any time before the Annual Meeting. If you are a holder of record, you may contact our corporate secretary and request that another proxy card be sent to you. Alternatively, you may use the Internet or the telephone to authorize a new proxy and revoke your old proxy, even if you mailed the proxy card. The latest-dated, properly completed proxy that you submit, whether through the Internet, by telephone or by mail will count as your vote. Please note that if you submit a later proxy authorization by mail, your re-authorization will not be effective unless it is received by our corporate secretary prior to the start of the Annual Meeting. If your shares are held in street name, you must contact your bank, broker or other nominee and follow their procedures for changing your vote instructions.

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**How can I attend the Annual Meeting?**

Admission to the Annual Meeting is limited to stockholders who are entitled to vote or their authorized representatives. If you are a holder of record and wish to attend the Annual Meeting, tear off the Admission Ticket attached to the top half of your proxy card and bring it and a photo ID with you to gain admission to the meeting.

If your shares are held in the name of a bank, broker or other nominee, and you wish to attend the Annual Meeting, you must bring other proof of ownership, such as an account statement, that clearly shows that you held Bimini Capital Management, Inc. common stock on the record date, or a legal proxy obtained from your bank, broker or other nominee. You must also bring a photo ID. Alternatively, you may obtain an admission ticket by sending your request and a copy of your proof of ownership to our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963.

No cameras, recording equipment, electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas, and other items will be subject to search.

**Can I view or receive these materials electronically?**

This Proxy Statement and our 2007 Annual Report are available online at [www.biminicapital.com](http://www.biminicapital.com). From the home page, select the "SEC Filings" tab to view or download the materials.

If you hold your shares in street name, you must contact your bank, broker or other nominee to consent to electronic delivery. By choosing to access your proxy materials electronically in the future, you will save the company the cost of printing and mailing these documents to you and help conserve natural resources.

**How do I obtain a copy of materials related to corporate governance?**

Our Corporate Governance Guidelines, the charters of each standing committee of our Board of Directors, our Code of Business Conduct and Ethics, our Code of Ethics for Senior Financial Officers and other materials related to our corporate governance are published on the Corporate Governance section of our website at [www.biminicapital.com](http://www.biminicapital.com). In addition, this information is available in print to any stockholder who requests it by contacting our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963.

**Who are the proxy solicitors and what are the solicitation expenses?**

Our Board of Directors is asking for your proxy and we will pay all of the costs of asking for stockholder proxies. We can ask for proxies through the mail or personally by telephone or the Internet. We may use directors, officers and regular employees of the Company to ask for proxies. These people do not receive additional compensation for these services. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of the Company's common stock held of record by them.

**How can I submit a proposal for consideration at the 2009 Annual Meeting?**

To be considered for the 2009 Annual Meeting of Stockholders, stockholder proposals must be submitted in writing to our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963. No proposal can be included in our proxy statement for the 2009 Annual Meeting of Stockholders unless it is received by our corporate secretary no later than December [11], 2008. The proposal must also meet the other requirements of the rules of the Securities and Exchange Commission relating to stockholder proposals.

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Any stockholder whose proposal is not included in our proxy statement relating to the 2009 Annual Meeting of Stockholders and who intends to present a matter for consideration at such meeting must give notice to our corporate secretary in accordance with Section 1.11 of our Amended and Restated Bylaws and such matter must otherwise be a proper matter for stockholder action. For our 2009 Annual Meeting of Stockholders, any such notice must be received by our corporate secretary no later than March 28, 2009, and no earlier than February 26, 2009.

**How can I recommend someone as a candidate for director?**

A stockholder who wishes to recommend a candidate for director of the Company may write to Chair, Corporate Governance and Nominating Committee of the Board of Directors, c/o Corporate Secretary, Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963.

To be effective for consideration at the 2009 Annual Meeting of Stockholders, the recommendation must be received by our corporate secretary no later than March 28, 2009, and no earlier than February 26, 2009 and must include information about the nominating stockholder and the nominee required to be included in a proxy statement under the rules of the Securities and Exchange Commission.

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**MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING**

**PROPOSAL 1: TO ELECT ONE CLASS II DIRECTOR TO SERVE UNTIL THE 2011 ANNUAL MEETING OF STOCKHOLDERS AND UNTIL HIS SUCCESSOR IS DULY ELECTED AND QUALIFIES.**

One director is nominated for re-election as a Class II director to serve until the 2011 Annual Meeting of Stockholders and until his successor has been duly elected and qualifies, or until his earlier retirement, death or resignation. It is intended that the shares represented by each proxy for which no voting instructions have been given will be voted for the nominee for director set forth below, who is an incumbent director, or for any substitute nominee or nominees designated by our Board of Directors in the event the nominee becomes unavailable for election. The principal occupation of, and certain other information regarding, the Class II director nominee, as of April [11], 2008, is set forth below.



**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
THE ELECTION OF THE CLASS II DIRECTOR NOMINEE.**

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*Class II Director Nominee □ Term Expires in 2011*

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**ROBERT E. CAULEY, 49**, has been a director of the Company since its inception in 2003. He is currently Vice Chairman, Senior Executive Vice President, Chief Financial Officer, Chief Investment Officer and Treasurer of the Company and is also one of the Company's founders. Prior to co-founding the Company, he was Vice President, Portfolio Manager at Federated Investment Management Company in Pittsburgh, Pennsylvania, where, from 1996 until September 2003, he served as a lead portfolio manager, co-manager, or assistant portfolio manager of \$4.25 billion (base capital, unlevered amount) in mortgage and asset backed securities funds. From 1994 to 1996, he was an associate at Lehman Brothers in the asset-backed structuring group. From 1992 to 1994, he was a credit analyst in the highly levered firms group and the aerospace group at Barclay's Bank. Mr. Cauley has invested in, researched, or structured almost every type of mortgage-backed security. Mr. Cauley, who is a CFA and a CPA, received his MBA in finance and economics from Carnegie Mellon University and his BA in accounting from California State University, Fullerton. Mr. Cauley served in the United States Marine Corps for four years.

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**PROPOSAL 2: TO ELECT ONE CLASS III DIRECTOR TO SERVE UNTIL THE 2009 ANNUAL MEETING OF STOCKHOLDERS AND UNTIL HIS SUCCESSOR IS DULY ELECTED AND QUALIFIES.**

One director is nominated for re-election as a Class III director to serve until the 2009 Annual Meeting of Stockholders and until his successor has been duly elected and qualifies, or until his earlier retirement, death or resignation. It is intended that the shares represented by each proxy for which no voting instructions have been given will be voted for the nominee for director set forth below who is an incumbent director, or for any substitute nominee or nominees designated by our Board of Directors in the event the nominee becomes unavailable for election. The principal occupation of, and certain other information regarding, the Class III director nominee and our continuing directors, as of April [11], 2008, is set forth below.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
THE ELECTION OF THE CLASS III DIRECTOR NOMINEE.**

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*Class III Director Nominee □ Term Expires in 2009*

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**ROBERT J. DWYER, 64**, has been a director of the Company since June 2007. He retired from Morgan Stanley Dean Witter in 1999 as Executive Vice President-National Sales Director, having served in that role from 1990 until his retirement. Prior to that, Mr. Dwyer was Director of Taxable Fixed Income for Morgan Stanley Dean Witter. He currently serves as an advisory director for Morgan Stanley & Co. and on the Board of Directors of the Bank of New York Ivy Multi-Strategy Hedge Funds.

Mr. Dwyer has numerous charitable and civic interests. He currently serves as Chairman of the Board of Trustees for Niagara University and is on the investment committee for the Vincentian Order. He also is Chairman of the Dwyer Family Foundation, which supports a number of health and social programs. Mr. Dwyer has also served as a member of the Board of Directors of MasTec, Inc. since October 2004.

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*Continuing Class III Director □ Term Expires in 2009*

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**JEFFREY J. ZIMMER, 50**, has been the Chairman, President and Chief Executive Officer of the Company since its inception in 2003. He was previously a Managing Director in the Mortgage-Backed and Asset Backed Department at RBS/Greenwich Capital Markets. From 1990 through 2003, he held various positions in the mortgage department at RBS/Greenwich, working closely with some of the nation's largest mortgage banks, hedge funds, and investment management firms on various mortgage securities investments. He has negotiated terms on, and participated in the completion of, dozens of new underwritten public and privately placed mortgage-backed deals for customers of RBS/Greenwich. Mr. Zimmer was employed at Drexel Burnham Lambert in the institutional mortgage-backed sales area from 1984 until 1990. He received his MBA in finance from Babson College in 1983 and a BA in economics and speech communication from Denison University in 1980.

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*Continuing Class I Directors □ Term Expires in 2010*

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**KEVIN L. BESPOLKA, 45**, has been a director of the Company since its inception in 2003. He is currently a Managing Director of Old Lane Management. From 2005 to 2006, Mr. Bespolka was Managing Director at Dresdner Kleinwort Wasserstein. He worked at Merrill Lynch from 1991 to 1999, first as the global head of non-dollar bond option trading and European fixed income proprietary trading, then as global head of foreign exchange options and proprietary trading and finally as the global co-head of debt proprietary trading. Before joining Merrill Lynch, he worked in the Debt Capital Markets Group at Morgan Stanley, structuring public and private placements of non-standard debt securities. Mr. Bespolka graduated *magna cum laude* from Swarthmore College in 1984.

**W. CHRISTOPHER MORTENSON, 61**, has been a director of the Company since May 2004. Most recently, he was a Managing Director with Integrated Corporate Relations, a strategic investor relations firm. He worked at Deutsche Bank Alex Brown from January 1986 to June 2002, first as the head of Software/Services Equity Research, then as a Managing Director and the firm's Global Software and Services Strategist. From 1980 to 1985, Mr. Mortenson was a senior analyst at Brean Murray Securities. From 1978 to 1980, he was the Chief Financial Officer of Master Design Corp., and he was a principal at Arthur Young & Company from 1970 to 1978. He has served on the boards of IQ Financial Services and Presence OnLine Pty. Mr. Mortenson graduated *cum laude* from Harvard College in 1968 with a AB in economics and received his MBA in finance from Stanford University in 1970.

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**PROPOSAL 3: TO AMEND THE COMPANY'S CHARTER.**

Article XIII, Section 1 of the Company's Charter currently provides that the Ownership Limit (as defined in the Charter) with respect to our Common Stock (as defined in the Charter) and Equity Stock (as defined in the Charter) is 9.8% of the more restrictive of the aggregate number or value of the outstanding shares of our Common Stock and Equity Stock, as applicable. On February 1, 2008, pursuant to Article XIII, Section 9 of the Charter, the Board decreased the Ownership Limit from 9.8% to 4.98% to assist the Company in avoiding a change in ownership that may adversely affect the Company's ability to use certain net operating losses and capital loss carry forwards for U.S. federal income tax purposes.

The Board has determined that it is advisable and in the Company's best interest and in the best interest of the Company's stockholders to amend the Ownership Limit provisions of the Charter so that the Ownership Limit generally applies to all stockholders, other than stockholders that owned more than the 4.98% reduced Ownership Limit as of the date of the reduction in the Ownership Limit and that would be permitted to maintain, but not increase, their respective ownership percentage. For any stockholder that owned more than the 4.98% Ownership Limit as of the date of the reduction in the Ownership Limit, any decrease in such stockholder's percentage ownership of the Company's Common Stock or Equity Stock, as applicable, whether by sales by such stockholder or share issuances by the Company, will automatically decrease the ownership limit applicable to such stockholder until such time as such stockholder's percentage ownership is equal to or less than the Ownership Limit applicable to the Common Stock and Equity Stock generally; currently 4.98%.

The Company proposes amending clause (i) of Article XIII, Section 9 of the Charter so that it reads as follows:

□ Subject to the limitations provided below, the Board of Directors may from time to time increase or decrease the Ownership Limit and increase or decrease an Excepted Holder

Ownership Limit; *provided, however*, that any decrease shall only apply prospectively for stockholders owning more than the decreased Ownership Limit as of the date of the change (other than a decrease as a result of a retroactive change in existing law that would require a decrease to retain REIT status, in which case such decrease shall be effective immediately). Stockholders owning more than the decreased Ownership Limit as of the date of the change, but consistent with the prior Ownership Limit, shall be permitted to retain, but not increase, such percentage, and such Ownership Limit with respect to such stockholders shall decrease in proportion to any decrease in their ownership until such time as the stockholder's ownership reaches the decreased Ownership Limit.

If approved by the affirmative vote of a majority of the votes entitled to be cast on this proposal, the Company will promptly file Articles of Amendment with the Maryland State Department of Assessments effectuating the foregoing Charter amendment, whereupon the amendment will become effective upon such filing.

**THE BOARD RECOMMENDS A VOTE FOR  
THE AMENDMENT OF THE COMPANY'S CHARTER.**

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**CORPORATE GOVERNANCE**

**Board Composition**

The Company's business, property and affairs are managed under the direction of the Board of Directors. The Board is currently comprised of five directors divided into three classes. Terms of the classes are staggered, with one class standing for election each year. The Board is elected by stockholders to oversee management of the Company in the long-term interests of all stockholders.

**Director Independence**

Pursuant to Item 407(a)(1)(ii) of Regulation S-K of the Securities and Exchange Commission, the Board is required to affirmatively determine and disclose the independence of each director, and nominee for election as a director, based on the director independence standards of a national securities exchange or an inter-dealer quotation system having certain director independence requirements notwithstanding that the Company is not currently listed on any such exchange and the Company's securities are not currently quoted in any such inter-dealer quotation system. The Board has determined to use the definition of "independent director" as set forth in the marketplace rules of The Nasdaq Stock Market, LLC. Based on such definition, the Board has affirmatively determined that each of the following persons is independent within the meaning of the marketplace rules of The Nasdaq Stock Market, LLC and has no relationship with the Company which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director:

Kevin L. Bespolka

Robert J. Dwyer

W. Christopher Mortenson

In addition, the Board has determined that Jeffrey J. Zimmer and Robert E. Cauley are not independent because they are each officers and employees of the Company. The Board has further determined that each member of the Board's standing committees as described below satisfy the independent director criteria applicable to each such committee's members under the marketplace rules of The Nasdaq Stock Market, LLC.

**Board Meetings and Committees**

The Board currently has three standing committees: the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. The charter of each Board committee is available on the Corporate Governance section of our website at [www.biminicapital.com](http://www.biminicapital.com) and will be made available in print to any stockholder upon written request delivered to our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963. The following table reflects the composition of each of the Board's standing committees as of April [11], 2008:

| <b>Audit<br/>Committee</b> | <b>Compensation<br/>Committee</b> | <b>Corporate Governance and<br/>Nominating Committee</b> |
|----------------------------|-----------------------------------|--|
| Kevin L. Bespolka+         | Kevin L. Bespolka                 | Kevin L. Bespolka*                                       |
| Robert J. Dwyer*+          | W. Christopher Mortenson*         | W. Christopher Mortenson                                 |
| W. Christopher Mortenson+  |                                   |  |

\* Current Committee Chair.

+ Audit Committee Financial Expert.

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During 2007, the Board held eleven meetings, the Audit Committee held six meetings, the Corporate Governance and Nominating Committee held two meetings and the Compensation Committee held five meetings. During 2007, no incumbent director attended fewer than 75% of the aggregate of the total number of meetings of the Board (held during the period for which such person was a director) and the total number of meetings held by all committees of the Board on which such person served (during the periods that such person served).

### **Audit Committee**

The Audit Committee's charter, which may be accessed on the Corporate Governance section of our website at [www.biminicapital.com](http://www.biminicapital.com), describes the composition, purposes and responsibilities of the committee. Among other things, the charter provides that the committee will be comprised of at least three directors as appointed by the Board, each of whom shall meet the independence and audit committee composition requirements under applicable law and stock exchange listing standards as in effect from time to time and shall be free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the Committee.

The functions of the committee are primarily to review with our independent registered public accounting firm their reports concerning audit findings related to the Company's annual and quarterly financial statements, internal controls and procedures and disclosure controls and procedures. The committee also appoints our independent registered public accounting firm and assists the Board in oversight of our compliance with legal and regulatory requirements related to financial reporting matters.

The Board has determined that each member of the Audit Committee, including the Chair of the committee, Mr. Robert J. Dwyer, is an "audit committee financial expert" within the meaning of the applicable rules and regulations of the Securities and Exchange Commission.

### **Service Fees Paid to the Independent Registered Public Accounting Firm**

The Audit Committee has not yet selected an independent registered public accounting firm for 2008 as the Audit Committee intends to seek competitive bids for the Company's 2008 audit services from other reputable independent accounting firms and to evaluate the capabilities and expertise of such competing firms. Ernst & Young LLP has previously been engaged to audit the Company's annual consolidated financial statements and to perform certain audit-related services. The Company anticipates that representatives of Ernst & Young LLP will be present at the Annual Meeting and, while they do not plan to make a statement (although they will have the opportunity to do so if they desire), they will be available to respond to appropriate questions from stockholders.

During 2007 and 2006, we retained Ernst & Young LLP to provide services in the following categories and amounts:

|                                 | 2007         | 2006         |
|---------------------------------|--------------|--------------|
| Audit fees <sup>1</sup>         | \$ 1,194,036 | \$ 2,024,648 |
| Audit-related fees <sup>2</sup> | 4,126        | 35,171       |
| Tax fees                        | 0            | 0            |

|                |              |              |
|----------------|--------------|--------------|
| All other fees | 0            | 0            |
| Total All Fees | \$ 1,198,162 | \$ 2,059,819 |

<sup>1</sup> Fees related to the audit of the consolidated financial statements, consents, quarterly reviews, consultations concerning financial accounting and reporting standards arising during the audits. These amounts also include fees related to quarterly reviews of restated interim financial statements for the first and second quarters of 2006 and \$693,547 in 2006 for the attestation of internal control over financial reporting as required by Sarbanes-Oxley Section 404. This does not include \$1,767,897 paid in 2006 to Crowe Chizek LLP for Sarbanes-Oxley Section 404 consulting work at the Company's subsidiary, Orchid Island TRS, LLC.

<sup>2</sup> Fees related to agreed upon procedures during 2007 and assistance with Sarbanes-Oxley compliance during 2006.

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### **Pre-Approval Policies and Procedures of our Audit Committee**

The Audit Committee must pre-approve all audit and permissible non-audit services provided by the Company's independent registered public accounting firm, Ernst & Young LLP, except for any *de minimus* non-audit services. All services performed by Ernst & Young LLP in 2007 and 2006 were pre-approved by the Audit Committee.

### **Transactions with Related Persons**

Pursuant to its committee charter, the Audit Committee of the Board of Directors is responsible for reviewing and approving related person transactions. Related person transactions include those transactions required to be disclosed by Item 404 of Regulation S-K under the Securities Exchange Act of 1934, as amended. As the Company is currently a "smaller reporting company" within the meaning of Regulation S-K, Item 404 requires disclosure of any transaction, since the beginning of the Company's fiscal year immediately preceding the Company's last fiscal year, or any currently proposed transaction, in which the Company was or is to be a participant and the amount involved exceeds the lesser of \$120,000 or one percent of the average of the Company's total assets at year end for the last two completed fiscal years, and in which a related person had or will have a direct or indirect material interest. The term "related person" is defined in Item 404 and includes the Company's directors, nominees for director, executive officers and each of their respective immediate family members, as well as any person that beneficially owns more than 5% of any class of the Company's voting stock and each such person's immediate family members, where applicable.

In fulfilling its responsibility, the Audit Committee will review the relevant facts of each related person transaction or series of related transactions and either approve, ratify or disapprove such transaction or transactions. The Audit Committee will take into account such factors as it deems necessary or appropriate in deciding whether to approve, ratify or disapprove any related person transaction, including any one or more of the following:

- ◆ The terms of the transaction;
- ◆ The benefits to the Company of the transaction;
- ◆ The availability of other sources for comparable products or services;
- ◆ The terms available to unrelated third parties or to employees generally; and
- ◆ The impact on a director's independence in the event that such director is a party to the transaction or such director, an immediately family member of such director, or an entity in which such director is an executive officer or has a direct or indirect material interest is a party to the transaction.

No director may participate in any consideration or approval of a related person transaction with respect to which such director or any of such director's immediate family members is the related person or has a direct or indirect material interest. Related person transactions will only be approved if they are determined to be in, or not inconsistent with, the best interests of the Company and its stockholders.

On an annual basis, the Company solicits information from each of the Company's directors and executive officers to identify related person transactions. If a related person transaction that has not been previously approved or previously ratified is identified, the Audit Committee will promptly consider all of the relevant facts. If the transaction is ongoing, the Audit Committee may ratify or request the rescission, amendment or termination of the related person transaction. If the transaction has been completed, the Audit Committee may seek to rescind the transaction where appropriate and may recommend that the Board or the Company take appropriate disciplinary action where warranted. In addition, the Audit Committee will generally review any ongoing related person transactions on an annual basis to determine whether to continue, modify or terminate such related person transactions.

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During 2006 and 2007, the Company's subsidiary received aggregate payments of \$1.6 million and \$0.4 million, respectively, from Southstar Funding, LLC ("Southstar Funding") primarily in exchange for the performance of certain interim loan servicing functions. Southstar Funding was fifty percent owned by Southstar Partners, LLC ("Southstar Partners"). While serving as a director and executive officer of the Company, Mr. Norden owned a 28.85608% membership interest in Southstar Partners. As of December 31, 2006, amounts due to the Company's subsidiary from Southstar Funding totaled \$0.3 million and no amounts were owed to Southstar Funding. As of December 31, 2007, amounts due to the Company's subsidiary from Southstar Funding totaled \$0.9 million and no amounts were owed to Southstar Funding. In addition, no amounts were due from or owing to Southstar Partners as of December 31, 2006 or December 31, 2007. Amounts paid for interim loan servicing were determined on an arms-length basis and are comparable to amounts charged to other, unrelated parties. The Audit Committee reviewed and ratified the foregoing transactions. On April 11, 2007, Southstar Funding filed for liquidation under Chapter 7 of the U.S. Bankruptcy Code and the Company has filed a claim for \$0.9 million in such proceeding.

### **Compensation Committee**

The Compensation Committee's charter, which may be accessed on the Corporate Governance section of our website at [www.bimincapital.com](http://www.bimincapital.com), describes the composition, purposes and responsibilities of the committee. Among other things, the charter provides that the committee will be comprised of at least two directors as appointed by the Board, each of whom shall meet the independence requirements under applicable law and stock exchange listing standards as in effect from time to time and shall be free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the committee. The Compensation Committee reviews and establishes or recommends to the Board the compensation and benefits of all of the Company's executive officers, administers the Company's incentive compensation plans and establishes and reviews general policies relating to compensation and benefits of the Company's employees. Recommendations regarding compensation of other non-executive officers are made by our Chief Executive Officer.

The Compensation Committee has the sole authority under its charter to select, retain and terminate a compensation consultant and to approve the consultant's fees and other retention terms. The Compensation Committee did not engage any compensation consultants during 2007. Rather, the Compensation Committee reviewed certain informational resources provided by the Company's management.

### **Compensation Committee Interlocks and Insider Participation**

No member of the Compensation Committee was at any time during 2007 an officer or employee of the Company or any of the Company's direct or indirect subsidiaries nor is any such person a former officer of the Company or any of the Company's direct or indirect subsidiaries. In addition, no executive officer of the Company serves as a director or member of the compensation committee of any entity that has one or more executive officers serving as a director of the Company.

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### **Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee's charter, which may be accessed on the Corporate Governance section of our website at [www.bimincapital.com](http://www.bimincapital.com), describes the composition, purposes and responsibilities of the committee. Among other things, the charter provides that the committee shall be comprised of at least two directors as appointed by the Board, each of whom shall meet the independence requirements under applicable law and stock exchange listing standards as in effect from time to time and shall be free from any

relationship that would interfere with the exercise of his or her independent judgment as a member of the committee. The charter also provides that the committee shall be responsible to identify and recommend to the Board of Directors persons to be nominated by the Board to stand for election as directors at each Annual Meeting of Stockholders and persons to be elected by the Board to fill any vacancy or vacancies in its number. The committee also recommends to the Board actions to be taken regarding the structure, organization and functioning of the Board, and the persons to serve as members of the standing committees of, and other committees appointed by, the Board. The charter gives the committee the responsibility to develop and recommend corporate governance guidelines to the Board, and to recommend to the Board the process and criteria to be used in evaluating the performance of the Board and to oversee the evaluation of the Board.

In identifying potential candidates for Board membership, the Corporate Governance and Nominating Committee may consider candidates proposed by management, but is not required to do so. The committee also relies on suggestions and recommendations from current directors and stockholders and does not distinguish nominees recommended by stockholders from other nominees. A stockholder who wishes to recommend a candidate for director of the Company may write to Chair, Corporate Governance and Nominating Committee of the Board of Directors, in care of our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963.

In evaluating candidates for members of the Board, the Corporate Governance and Nominating Committee has not established specific minimum qualification standards, but rather takes into consideration such factors as it deems appropriate. These factors may include judgment, skill, diversity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

#### **Lead Independent Director**

On the recommendation of the Corporate Governance and Nominating Committee, the Company's independent directors meet in regularly scheduled executive sessions without management present. The Board has established the position of Lead Independent Director, and the Company's independent directors have elected W. Christopher Mortenson to serve in that position. In his role as Lead Independent Director, Mr. Mortenson's responsibilities include:

- ◆ scheduling, setting agendas for and serving as the presiding director of all independent director sessions;
- ◆ facilitating communications between the independent directors and management; and
- ◆ acting as a point of contact for persons who wish to communicate with the independent directors.

In their discretion, the independent directors may select another independent director to serve as presiding director for a particular session.

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#### **Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines. These guidelines are revised from time to time to better address new or changing needs and regulatory requirements. The Corporate Governance Guidelines may be accessed from the Corporate Governance section of our website at [www.biminicapital.com](http://www.biminicapital.com), and will be made available in print to any stockholder upon written request delivered to our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963.

The Board has a program for orienting new directors and for providing continuing education for all directors. The Board annually evaluates its own performance and the performance of each of the Board's committees. The evaluation process is coordinated by the Corporate Governance and Nominating Committee and consists of committee self-evaluations and a full board self-evaluation. The committee self-evaluations consider whether and how well each committee has performed the responsibilities listed in its charter. The full Board evaluations consider the committee self-evaluations, as well as the functioning and effectiveness of the Board.

#### **Corporate Conduct and Ethics**

The Company has adopted a Code of Business Conduct and Ethics that is applicable to all officers, directors and employees of the Company and its subsidiaries. The Company has also adopted a Code of Ethics for Senior Financial Officers that is applicable to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Company's Code of Business Conduct and Ethics and the Company's Code of Ethics for Senior Financial Officers may be accessed from the Corporate Governance section of our website at [www.bimincapital.com](http://www.bimincapital.com), and will be made available in print to any stockholder upon written request delivered to our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963. The Company intends to disclose any waivers from, or amendments to, our Code of Business Conduct and Ethics and our Code of Ethics for Senior Financial Officers required to be disclosed by applicable law or stock exchange listing standards by posting a description of such waiver or amendment on our website at [www.bimincapital.com](http://www.bimincapital.com).

### Stockholder Communications

Stockholders and other interested parties may communicate with any director, including the Chairman of the Board and the chairman of any committee of the Board or with the non-management directors as a group, by sending a letter to the attention of the appropriate person or persons (which may be marked as confidential) addressed in care of our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963. All communications received by our corporate secretary will be forwarded to the intended recipient(s). Any such communications may be made anonymously.

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### AUDIT COMMITTEE REPORT

In connection with the preparation of the Company's consolidated financial statements for the period ended December 31, 2007, the Audit Committee:

- ◆ Reviewed and discussed the Company's audited consolidated financial statements with management;
- ◆ Discussed with the Company's independent registered public accounting firm, Ernst & Young LLP, the matters required by Statement on Auditing Standards (SAS) No. 61, as amended (AICPA *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and
- ◆ Received the written independence disclosures from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (Independence Standards Board No. 1, *Independence Discussions with Audit Committees*), as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and has discussed with Ernst & Young LLP their independence.

Based upon these reviews and discussions, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the period ended December 31, 2007, for filing with the Securities and Exchange Commission.

The Audit Committee:

Kevin L. Bespolka  
Robert J. Dwyer (Chair)  
W. Christopher Mortenson

*Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that incorporate future filings, including this Proxy Statement, in whole or in part, the foregoing Audit Committee Report shall not be incorporated by reference into any such filings.*

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### COMPENSATION OF DIRECTORS



## Overview

Directors who are not also employees of the Company are paid compensation in exchange for their service as a director. Director compensation is reviewed periodically by the Board to ensure such compensation is reasonable and appropriate.

## Annual Retainer

During 2007, each of the Company's non-employee directors were entitled to an annual retainer of \$95,000. From and after the 2008 Annual Meeting, the annual retainer will be reduced to \$70,000. Except for directors that own, through direct ownership or voting control, 50,000 shares or more of the Company's Class A Common Stock, a minimum of one-half of the compensation paid to the Company's non-employee directors is required to be paid in the form of shares of the Company's Class A Common Stock. In addition, each of the Company's non-employee directors may elect to receive all or a portion of the balance of their director compensation in the form of shares of the Company's Class A Common Stock. Directors that are also employees of the Company are not separately compensated for their service as directors.

## Additional Retainers

In addition to the annual retainer for each non-employee director, non-employee directors were entitled to the following additional retainers during 2007:

| Nature of Retainer                                  | Retainer Amount |
|---|-----------------|
| Audit Committee Chair                               | \$ 25,000       |
| Corporate Governance and Nominating Committee Chair | \$ 10,000       |
| Compensation Committee Chair                        | \$ 10,000       |
| Lead Independent Director                           | \$ 15,000       |

During 2007, Mrs. Hendricks served as Audit Committee Chair and Lead Independent Director until her resignation on June 12, 2007. From June 12, 2007 through December 31, 2007, Mr. Robert J. Dwyer served as Audit Committee Chair and Mr. W. Christopher Mortenson served as Lead Independent Director. During 2007, Mr. Buford H. Ortale served as Corporate Governance and Nominating Committee Chair and Mr. W. Christopher Mortenson served as Compensation Committee Chair. On January 16, 2008, Mr. Bespolka was appointed as Corporate Governance and Nominating Committee Chair following the resignation of Mr. Ortale.

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The following table sets forth the compensation paid to non-employee directors during 2007:

### Directors Compensation Table

| Name                         | Fees Earned or Paid in Cash <sup>1</sup> | Stock Awards <sup>2</sup> | Option Awards <sup>3</sup> | Non-Qualified                                       |   |                                     | Total      |
|------------------------------|--|---------------------------|----------------------------|---|---|-------------------------------------|------------|
|                              |  |                           |                            | Non-Equity Incentive Plan Compensation <sup>4</sup> | Deferred Earnings Compensation <sup>5</sup> | All Other Compensation <sup>6</sup> |            |
| K. L. Bespolka               | \$ 98,333                                | \$ 0                      | \$ 0                       | \$ 0  | \$ 0  | \$ 0                                | \$ 98,333  |
| R. J. Dwyer <sup>3</sup>     | \$ 19,253                                | \$ 46,748                 | \$ 0                       | \$ 0  | \$ 0  | \$ 0                                | \$ 66,000  |
| M. A. Hendricks <sup>4</sup> | \$ 56,250                                | \$ 23,488                 | \$ 0                       | \$ 0  | \$ 0  | \$ 0                                | \$ 79,738  |
| W. C. Mortenson              | \$ 52,161                                | \$ 61,859                 | \$ 0                       | \$ 0  | \$ 0  | \$ 0                                | \$ 114,021 |
| B. H. Ortale <sup>5</sup>    | \$ 105,000                               | \$ 0                      | \$ 0                       | \$ 0  | \$ 0  | \$ 0                                | \$ 105,000 |

<sup>1</sup> During 2007, director fees included an annual retainer of \$95,000 and additional committee chair retainers. The chair of the Audit Committee received an additional annual retainer of \$25,000, while the chairs of the Compensation Committee and the

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Corporate Governance and Nominating Committee each received an additional annual retainer of \$10,000. In addition, the Lead Independent Director received an additional retainer of \$15,000. These retainer fees were paid quarterly and directors were entitled to elect to receive shares of the Company's Class A Common Stock in lieu of all or any portion of their retainer fees that would otherwise be payable in cash. In addition, except for directors that own, through direct ownership or voting control, 50,000 shares or more of the Company's Class A Common Stock, a minimum of one-half of the compensation paid to the Company's non-employee directors is paid in the form of shares of the Company's Class A Common Stock.

<sup>2</sup> Amounts in this column represent the expense, rounded to the nearest dollar, recognized for financial statement purposes for the fiscal year ended December 31, 2007, in accordance with Statement of Financial Accounting Standards No. 123R (FAS 123R) of shares of the Company's Class A Common Stock issued to directors in lieu of any retainer fees that would otherwise be payable in cash. The grant date fair value of shares of the Company's Class A Common Stock so issued during 2007 to each non-employee director is shown in the accompanying table below entitled "Stock Awards to Non-Employee Directors in Lieu of Cash Payments."

<sup>3</sup> Mr. Dwyer was elected as a director on June 12, 2007. His compensation as a director and Chair of the Audit Committee was prorated from the date of his election as a director.

<sup>4</sup> Mrs. Hendricks resigned as a director on June 12, 2007. Her compensation as a director, Chair of the Audit Committee and Lead Independent Director was prorated to the date of her resignation.

<sup>5</sup> Mr. Ortale resigned as a director on January 17, 2008.

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### Stock Awards to Non-Employee Directors in Lieu of Cash Payments

| Name            | Grant Date  | Stock Awards:<br>Number of Securities Underlying (#) | Grant Date Fair Value of Stock Awards <sup>1</sup> |
|-----------------|-------------|--|--|
| R. J. Dwyer     | 16-Aug-2007 | 47,423   | \$ 46,000  |
|                 | 16-Nov-2007 | 2,577  | \$ 747   |
| M. A. Hendricks | 17-Jan-2007 | 2,338  | \$ 16,880  |
|                 | 23-Apr-2007 | 1,105  | \$ 6,608   |
| W. C. Mortenson | 17-Jan-2007 | 3,636  | \$ 26,252  |
|                 | 23-Apr-2007 | 860  | \$ 5,143   |
|                 | 17-May-2007 | 3,103  | \$ 13,126  |
|                 | 16-Aug-2007 | 16,495   | \$ 16,000  |
|                 | 16-Nov-2007 | 4,617  | \$ 1,339   |

<sup>1</sup> Amounts in this column represent the expense, rounded to the nearest dollar, recognized for financial statement purposes for the fiscal year ended December 31, 2007, in accordance with Statement of Financial Accounting Standards No. 123R (FAS 123R) of shares of the Company's Class A Common Stock issued to directors in lieu of any retainer fees that would otherwise be payable in cash.

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### COMPENSATION OF EXECUTIVE OFFICERS

The following table summarizes compensation awarded or paid during the Company's last two fiscal years to the Company's principal executive officer, principal financial officer and the Company's only other executive officer as determined by the Company's Board of Directors based upon Rule 3b-7 under the Securities Exchange Act of 1934, as amended. These individuals constitute all of the Company's executive officers and are referred to as the Company's named executive officers.

#### Summary Compensation Table

**Nonqualified**

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| Name and<br>Principal<br>Position   | Year | Salary <sup>1</sup> | Bonus <sup>2</sup> | Stock<br>Awards <sup>3</sup> | Non-Equity<br>Incentive<br>Plan <sup>4</sup> |              |                          | All Other<br>Compensation <sup>4</sup> | Total        |
|---|------|---------------------|--------------------|------------------------------|--|--------------|--------------------------|--|--------------|
|   |      |                     |                    |                              | Awards                                       | Compensation | Termination <sup>4</sup> |  |              |
| Jeffrey J. Zimmer,<br>Chairman,<br>President and<br>Chief Executive<br>Officer  | 2007 | \$ 500,000          | \$ 111,200         | \$ 1,605,033                 | \$ 0   | \$ 0         | \$ 0                     | \$ 70,574                              | \$ 2,286,808 |
|   | 2006 | 500,000             | 500,000            | 1,614,529                    | 0  | 0            | 0                        | 196,119                                | 2,810,648    |
| Robert E. Cauley,<br>Vice Chairman,<br>Senior Executive<br>Vice President,<br>Chief Financial<br>Officer,<br>Chief Investment<br>Officer and<br>Treasurer | 2007 | \$ 400,000          | \$ 88,800          | \$ 1,067,989                 | \$ 0   | \$ 0         | \$ 0                     | \$ 51,465                              | \$ 1,608,254 |
|   | 2006 | 400,000             | 400,000            | 1,076,423                    | 0  | 0            | 0                        | 131,586                                | 2,008,009    |
| Peter R. Norden,<br>Senior Executive<br>Vice President  | 2007 | \$ 375,000          | \$ 341,667         | \$ 0                         | \$ 0   | \$ 0         | \$ 0                     | \$ 735,733                             | \$ 1,452,400 |
|   | 2006 | 750,000             | 750,000            | 0                            | 0  | 0            | 0                        | 58,057                                 | 1,558,057    |

<sup>1</sup> Effective January 1, 2006, the annual salaries of Messrs. Zimmer and Cauley were increased to \$500,000 and \$400,000, respectively. As required by Mr. Norden's Employment Agreement, Mr. Norden was paid a salary of \$750,000 during 2006. Pursuant to the Employment Agreements of Messrs. Zimmer, Cauley and Norden, any future reduction in these amounts while their respective Employment Agreements remain in effect would entitle Messrs. Zimmer, Cauley and Norden to seek termination of their respective Employment Agreements resulting in certain severance payments described below in the section entitled "Potential Payments Upon Termination or a Change of Control."

<sup>2</sup> On February 6, 2008, the Compensation Committee awarded cash bonuses to Messrs. Zimmer and Cauley in respect of 2007 service to the Company in the amounts of \$111,200 and \$88,800, respectively. These amounts were paid on February 15, 2008. During 2006, Messrs. Zimmer and Cauley each received quarterly cash bonus payments in lieu of any non-equity incentive plan compensation to which they may have otherwise been granted under the Company's 2004 Performance Bonus Plan. Amounts for Messrs. Zimmer and Cauley reflect the aggregate of these quarterly bonus payments paid in 2006. As required by Mr. Norden's Employment Agreement, Mr. Norden was paid non-discretionary cash bonuses of \$750,000 during 2006 and \$341,667 during 2007.

<sup>3</sup> The amounts in this column reflect the FAS 123(R) compensation expense recognized for financial statement purposes during the Company's last two fiscal years of all awards of phantom stock granted to the named executive officers pursuant to the Company's 2003 Long-Term Incentive Compensation Plan. No awards of phantom stock were granted to any of the named executive officers during 2007. The aggregate grant date fair value of each award of phantom stock is determined by reference to the closing stock price of the Company's Class A Common Stock on the date each award is granted. Assumptions, if any, used in calculating these amounts are set forth in the Notes to the Company's consolidated financial statements for the applicable fiscal year ended December 31, which financial statements are included in the Annual Report on Form 10-K of the Company for the applicable fiscal year. Compensation expense associated with equity-based awards is generally recognized over the vesting period of the award.

<sup>4</sup> For Messrs. Zimmer and Cauley, amounts in this column represent the total of all other compensation as detailed in the table below entitled "All Other Compensation Table." For Mr. Norden, amounts in this column represent the sum of the total of all other compensation as detailed in the table below entitled "All Other Compensation Table" and a lump-sum cash payment to Mr. Norden of \$725,000 paid pursuant to a Separation Agreement and General Release entered into with Mr. Norden on June 29, 2007.

The Company entered into employment agreements with Messrs. Zimmer and Cauley on April 12, 2004 that expire April 12, 2008. Effective January 1, 2006, the annual base salaries of Messrs. Zimmer and Cauley under each of their respective employment agreements were increased to \$500,000 and \$400,000, respectively, to reflect their obtainment of business objectives in 2005 and to bring their base salaries in closer conformity with those of

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executives at similarly situated companies. The employment agreements provide for additional bonuses to be awarded at the discretion of the compensation committee, which shall consider, among other things, whether completion of a capital raising event should result in the payment of a bonus. In addition, subject to approval by the Compensation Committee, Messrs. Zimmer and Cauley may participate in the Company's employee benefit plans, including, but not limited to, the 2003 Long Term Incentive Compensation Plan. Under their employment agreements, Messrs. Zimmer and Cauley also receive, at the Company's expense, an automobile allowance, life insurance in an amount of at least \$2,500,000 for Mr. Zimmer and \$2,000,000 for Mr. Cauley, long-term disability, medical, vision and dental insurance benefits, and continued coverage under the Company's group health plans for a period of three years in the event of death or disability. The Company also pays Messrs. Zimmer and Cauley additional income to reimburse them for personal tax liability associated with certain of these perquisites and insurance benefits. Please refer to the "All Other Compensation Table" below for further information concerning the costs associated with these perquisites and other benefits.

For 2007, there were no increases to the base salaries of Messrs. Zimmer and Cauley. For 2008, no increases to the base salaries of Messrs. Zimmer and Mr. Cauley have been made to date or are currently anticipated. On February 6, 2008, the Compensation Committee did, however, award cash bonuses to Messrs. Zimmer and Cauley in respect of 2007 service to the Company in the amounts of \$111,200 and \$88,800, respectively. These amounts were paid on February 15, 2008.

Pursuant to the employment agreements of Messrs. Zimmer and Cauley, any reduction in their base salaries while their respective employment agreements remain in effect would entitle Messrs. Zimmer and Cauley to seek termination of their respective employment agreements and could result in certain severance payments described below in the section entitled "Potential Payments Upon Termination or a Change of Control." This section also describes potential payments that may become due in the event of a change of control of the Company.

Under the Company's 2003 Long-Term Incentive Compensation Plan, the Compensation Committee granted to Mr. Zimmer 186,500 phantom shares in June 2004, 110,000 phantom shares in February 2005, 110,000 phantom shares in January 2006, 0 phantom shares in 2007 and 0 phantom shares to date in 2008. These phantom shares generally vest on a quarterly basis and each grant included dividend equivalent rights. All of the phantom shares granted to Mr. Zimmer in 2004 have vested and the underlying shares of the Company's Class A Common Stock have been issued. Provided that Mr. Zimmer continues his employment with the Company, all of the phantom shares granted in 2005 and 2006 will have vested by November 15, 2008.

The Compensation Committee granted to Mr. Cauley 124,350 phantom shares in June 2004, 73,333 phantom shares in February 2005, 73,333 phantom shares in January 2006, 0 phantom shares in 2007 and 0 phantom shares to date in 2008 under the Company's 2003 Long Term Incentive Compensation Plan. These phantom shares generally vest on a quarterly basis and each grant included dividend equivalent rights. All of the phantom shares granted to Mr. Cauley in 2004 have vested and the underlying shares of the Company's Class A Common Stock have been issued. Provided that Mr. Cauley continues his employment with the Company, all of the phantom shares granted in 2005 and 2006 will have vested by November 15, 2008.

The amounts reported in the "Stock Awards" column of the Summary Compensation Table above reflect the FAS 123(R) compensation expense recognized for financial statement purposes during the Company's last two fiscal years of all awards of phantom stock granted pursuant to the Company's 2003 Long-Term Incentive Compensation Plan prior to 2007 as described in the preceding two paragraphs.

The Company does not maintain a pension plan or nonqualified deferred compensation plan in which any of the named executive officers participate. Also, the Company has never granted stock options.

**All Other Compensation Table**

| NAME | Year | Perquisites                       |  |  | Other Compensation                               |                                      |                                    |   | Total |
|------|------|-----------------------------------|--|--|--|--------------------------------------|------------------------------------|---|-------|
|      |      | Automobile Allowance <sup>1</sup> | Dental Insurance Premiums <sup>2</sup> | Disability Insurance Premiums <sup>3</sup> | Savings Plan Matching Contributions <sup>5</sup> | Life Insurance Premiums <sup>6</sup> | Tax Gross-Up Payments <sup>7</sup> | Dividend Equivalent Rights <sup>8</sup> |       |
|      |      |                                   |  |  |  |                                      |                                    |   |       |

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|              |      |          |          |           |          |          |          |          |           |           |
|--------------|------|----------|----------|-----------|----------|----------|----------|----------|-----------|-----------|
| J. J. Zimmer | 2007 | \$ 9,600 | \$ 3,979 | \$ 10,200 | \$ 2,530 | \$ 9,000 | \$ 3,710 | \$ 4,495 | \$ 27,060 | \$ 70,574 |
|              | 2006 | 9,600    | 3,551    | 10,200    | 3,060    | 8,800    | 3,710    | 13,485   | 143,713   | 196,119   |
| R. E. Cauley | 2007 | \$ 9,600 | \$ 3,979 | \$ 2,528  | \$ 1,580 | \$ 9,000 | \$ 4,910 | \$ 3,257 | \$ 16,610 | \$ 51,465 |
|              | 2006 | 9,600    | 3,551    | 2,528     | 2,560    | 8,800    | 4,910    | 9,772    | 89,865    | 131,586   |
| P. R. Norden | 2007 | \$ 4,800 | \$ 0     | \$ 0      | \$ 0     | \$ 3,600 | \$ 0     | \$ 2,333 | \$ 0      | \$ 10,733 |
|              | 2006 | 29,400   | 0        | 0         | 0        | 3,520    | 0        | 25,137   | 0         | 58,057    |

<sup>1</sup> Amounts in this column reflect the actual dollar amount paid by the Company as reimbursement of automobile expenses, exclusive of any tax gross-up payments. Effective December 2006, Mr. Norden's automobile allowance was reduced to \$800 per month, exclusive of any tax gross-up payments.

<sup>2</sup> Amounts in this column reflect the actual dollar amount paid by the Company on behalf of the executive for health, accidental death and dental insurance premiums, exclusive of any tax gross-up payments, in excess of the percentage of such premiums paid by Company for all salaried employees generally.

<sup>3</sup> Amounts in this column reflect the actual dollar amount paid by the Company on behalf of the executive for disability insurance premiums, exclusive of any tax gross-up payments.

<sup>4</sup> Amounts in this column reflect the aggregate incremental cost to the Company of tax return preparation and automobile related services. These perquisites were eliminated effective April 2007.

<sup>5</sup> Amounts in this column reflect Company matching contributions under the Company's 401(k) savings plans.

<sup>6</sup> Amounts in this column reflect the actual dollar amount paid by the Company on behalf of the executive for life insurance premiums, exclusive of any tax gross-up payments.

<sup>7</sup> Amounts in this column reflect the additional income paid by the Company to reimburse the executive for personal taxes on certain perquisites, including automobile allowances and disability and life insurance premiums. These tax gross-up payments were eliminated effective April 2007.

<sup>8</sup> Amounts in this column represent the aggregate dollar value of dividend equivalent rights, rounded to the nearest dollar, paid during each of the Company's last two fiscal years in respect of phantom shares that were unvested on the applicable dividend date. These amounts are required to be reported in the All Other Compensation column of the accompanying table above entitled "Summary Compensation Table" because such amounts are not included in determining the grant date fair value in accordance with Statement of Financial Accounting Standards No. 123R ("FAS 123R") of phantom shares granted to executives. Dividends paid on issued and outstanding shares of the Company's Class A Common Stock and Class B Common Stock that was issued to, or purchased by, an executive prior to the applicable dividend date are not included in these amounts.

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**Outstanding Equity Awards at Fiscal Year-End**

| Name         | Option Awards<br>Equity<br>Incentive<br>Plan Awards:    |   |  |                            |                        | Stock Awards   |   |  |
|--------------|---|---|--|----------------------------|------------------------|--|---|--|
|              | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) <sup>1</sup> | Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>2</sup> | Equity Incentive Plan Awards Number of Unearned Shares, Units or Other Rights That Have Vested (#) |
| J. J. Zimmer | 0   | 0   | 0  | 0                          | 0                      | 65,994   | 16,499  | 0  |
| R. E. Cauley | 0   | 0   | 0  | 0                          | 0                      | 43,999   | 11,000  | 0  |
| P. R. Norden | 0   | 0   | 0  | 0                          | 0                      | 0  | 0   | 0  |

<sup>1</sup> Amounts in this column represent the number of shares of the Company's Class A Common Stock that is issuable upon vesting of phantom shares that were granted under the Company's 2003 Long-Term Incentive Compensation Plan and that remain unvested as of December 31, 2007. These phantom shares time vest quarterly and are subject to certain forfeiture provisions prior to vesting, but are not subject to any performance-based vesting criteria. For this reason, these amounts are reflected in this column and not the "Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested" column. For Mr. Zimmer, the 65,994 phantom shares will be fully vested by November 15, 2008. For Mr. Cauley, the 43,999 phantom shares will be fully vested by November 15, 2008.

<sup>2</sup> Market value is based on the \$0.25 closing price of the Company's Class A Common Stock on December 31, 2007, and assumes that the time-based vesting criteria of all phantom shares unvested as of December 31, 2007, will be satisfied.

### **Executive Retirement Benefits**

The Company does not maintain any tax-qualified or nonqualified defined benefit pension plans, supplemental executive retirement plans or nonqualified deferred compensation plans in which any of the named executive officers participate. The Company does maintain a tax qualified defined contribution plan in which Messrs. Zimmer and Cauley participate. The Company's subsidiary previously maintained a defined contribution plan in which Mr. Norden participated. Under these defined contribution plans, Messrs. Zimmer, Cauley and Norden received certain matching contributions as set forth in the All Other Compensation table above.

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### **POTENTIAL PAYMENTS UPON TERMINATION OR A CHANGE OF CONTROL**

The qualitative and quantitative information below reflects the amount of compensation payable to each of the named executive officers (other than Mr. Peter Norden due to his June 29, 2007, separation of employment) under their respective employment agreements with the Company in the event of termination of such executive's employment under several different circumstances. These employment agreements expire April 12, 2008. Amounts disclosed assume that such termination was effective as of December 31, 2007, and thus include amounts earned through such time and are estimates of the amounts that would have been payable to the executives had their employment terminated effective December 31, 2007. The actual amounts, if any, to be paid out under the executive's respective employment agreement can only be determined at the time of such executive's separation from the Company.

#### **Potential Payments and Benefits upon Termination Due to Death or Disability**

Upon termination of Messrs. Zimmer or Cauley by reason of their death or disability, Mr. Zimmer and Mr. Cauley, as applicable, or their respective estates, beneficiaries, spouses or dependents will be entitled under their respective employment agreements to the following payments and benefits from the Company:

- ◆ a lump-sum payment in an amount equal to any annual salary and other benefits earned and accrued but unpaid prior to the date of termination (and reimbursement of expenses incurred in the ordinary course of business prior to the date of termination);
- ◆ for a period of three years after termination of employment, continuing coverage under the Company's group health plans (but at such costs no higher than as in effect immediately preceding such termination) as would have applied in the absence of such termination;
- ◆ an amount equal to the annual bonus that, in the absence of such termination, would have been payable for the fiscal year in which termination occurs, payable at such time as would have applied in the absence of such termination, with such amount to be pro rated based on the number of days in the year preceding termination;
- ◆ all outstanding unvested equity-based awards will fully vest, including those set forth in the "Outstanding Equity Awards at Fiscal Year End" table above, but only to the extent any portion of such awards remain unvested at the date of termination; and

- ◆ any disability or death benefits as may be provided under the Company's group benefit plans and arrangements in accordance with their terms.

See the Summary Compensation Table above for further information about the annual base salary and bonuses for each of our executive officers during 2007 and 2006.

#### **Potential Payments and Benefits upon Termination for Cause or without Good Reason**

Under the employment agreements of Messrs. Zimmer and Cauley, the Company may terminate Mr. Zimmer's and Mr. Cauley's employment for "cause," and they may terminate their employment on at least 30 days and not more than 60 days prior written notice to the Company. In the event of a termination of Mr. Zimmer's or Mr. Cauley's employment by the Company for "cause" or a termination by them of their employment without "good reason," Mr. Zimmer or Mr. Cauley, as applicable, will be entitled to receive the following payments from the Company:

- ◆ a lump-sum payment in an amount equal to any annual salary and other benefits (including any bonus for a fiscal year completed before termination and awarded but not yet paid, but not any other bonus) earned and accrued but unpaid prior to the date of termination (and reimbursement of expenses incurred in the ordinary course of business prior to the date of termination); and

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- ◆ in the case of a termination by Mr. Zimmer or Mr. Cauley, as applicable, an amount equal to the annual bonus that, in the absence of such termination, would have been payable for the fiscal year in which termination occurs, payable at such time as would have applied in the absence of such termination, with such amount to be pro rated based on the number of days in the year preceding termination.

All outstanding unvested equity-based awards of Messrs. Zimmer and Cauley as set forth in the "Outstanding Equity Awards at Fiscal Year End" table above will be forfeited to the extent any portion of such awards remain unvested at the date of any termination of their employment for "cause" or without "good reason." See the Summary Compensation Table above for further information about the annual base salary and bonuses for each of our executive officers during 2007 and 2006.

#### **Potential Payments and Benefits upon Termination without Cause or for Good Reason**

Under the employment agreements of Messrs. Zimmer and Cauley, if the Company terminates Mr. Zimmer's or Mr. Cauley's employment for any reason other than for "cause," death or disability or they terminate their respective employment for "good reason," Mr. Zimmer or Mr. Cauley, as applicable, will be entitled to receive the following payments and benefits from the Company:

- ◆ a lump-sum payment in an amount equal to any annual salary and other benefits (including any bonus for a fiscal year completed before termination, but not any other bonus) earned and accrued but unpaid prior to the date of termination (and reimbursement of expenses incurred in the ordinary course of business prior to the date of termination);
- ◆ if (and only if) Mr. Zimmer or Mr. Cauley, as applicable, provides a general release in a form reasonably acceptable to the Company which is or has become irrevocable, Mr. Zimmer or Mr. Cauley, as applicable, will receive a lump-sum payment (the "Additional Severance Payment") payable within 10 days after termination in an amount equal to 300% of the sum of his then-current annual salary plus the average bonus for the three years ending coincident with or immediately preceding such termination;
- ◆ if (and only if) Mr. Zimmer or Mr. Cauley, as applicable, provides a general release in a form reasonably acceptable to the Company which is or has become irrevocable, for a period of three years after termination of employment, continuing coverage under the Company's group health plans (but at such costs no higher than as in effect immediately preceding such termination) as would have applied in the absence of such termination;
- ◆ if (and only if) Mr. Zimmer or Mr. Cauley, as applicable, provides a general release in a form reasonably acceptable to the Company which is or has become irrevocable, an amount equal to the annual bonus that,

in the absence of such termination, would have been payable for the fiscal year in which termination occurs, payable at such time as would have applied in the absence of such termination, with such amount to be pro rated based on the number of days in the year preceding termination;

- ◆ if (and only if) Mr. Zimmer or Mr. Cauley, as applicable, provides a general release in a form reasonably acceptable to the Company which is or has become irrevocable, at the Company's cost (not to exceed \$7,500), outplacement services reasonably selected by the Company; and
- ◆ if (and only if) Mr. Zimmer or Mr. Cauley, as applicable, provides a general release in a form reasonably acceptable to the Company which is or has become irrevocable, all outstanding unvested equity-based awards will fully vest, including those set forth in the "Outstanding Equity Awards at Fiscal Year End" table above, but only to the extent any portion of such awards remain unvested at the date of termination.

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Had the employment of Messrs. Zimmer and Cauley been terminated effective as of December 31, 2007, for any reason other than for "cause," death or disability, the Additional Severance Payment would have been \$2,684,177 for Mr. Zimmer and \$2,056,118 for Mr. Cauley. In addition, the fair market value as of December 31, 2007, of unvested equity-based awards the vesting of which would have been accelerated under such circumstances would have been \$16,499 and \$11,000, respectively, for Messrs. Zimmer and Cauley. Thus, the total value realized by Messrs. Zimmer and Cauley under such circumstances, excluding amounts attributable to earned and accrued (but unpaid) compensation, continuing health insurance coverage and outplacement services, would have been \$2,700,676 and \$2,067,118, respectively, based on the closing price of the Company's Class A Common Stock on December 31, 2007.

#### **Potential Payments and Benefits upon a Change of Control**

Under the employment agreements of Messrs. Zimmer and Cauley, if, after a "change of control," Mr. Zimmer or Mr. Cauley, as applicable, terminates his respective employment for any reason within three months following the change of control, such termination would be deemed to be a termination by him for "good reason." As a result, Mr. Zimmer or Mr. Cauley, as applicable, would be entitled to receive each of the payments and benefits described above under the heading "Potential Payments and Benefits upon Termination without Cause or for Good Reason," including the Additional Severance Payment. Accordingly, had the employment of Messrs. Zimmer and Cauley been terminated effective as of December 31, 2007, for any reason within three months following a change of control, the Additional Severance Payment would have been \$2,684,177 for Mr. Zimmer and \$2,056,118 for Mr. Cauley. In addition, the fair market value as of December 31, 2007, of unvested equity-based awards the vesting of which would have been accelerated under such circumstances would have been \$16,499 and \$11,000, respectively, for Messrs. Zimmer and Cauley. Thus, the total value realized by Messrs. Zimmer and Cauley under such circumstances, excluding amounts attributable to earned and accrued (but unpaid) compensation, continuing health insurance coverage, outplacement services and any tax gross-up payments attributable to excise taxes imposed on "excess parachute payments" discussed below, would have been \$2,700,676 and \$2,067,118, respectively, based on the closing price of the Company's Class A Common Stock on December 31, 2007 (the "Change of Control Payment").

Under the employment agreements of Messrs. Zimmer and Cauley, the Company has agreed to make an additional tax gross-up payment to Mr. Zimmer or Mr. Cauley, as applicable, if any amounts paid or payable to them under the terms of their respective employment agreements would be subject to the excise tax imposed on certain so-called "excess parachute payments" under Section 4999 of the Internal Revenue Code. However, if a reduction in the payments and benefits that they would otherwise be entitled to under their respective employment agreements of 10% or less would avoid the excise tax, then such payments and benefits will be reduced by such amount, and the Company will not be required to make the tax gross-up payment. Had the employment of Messrs. Zimmer and Cauley been terminated effective as of December 31, 2007, for any reason within three months following a change of control, Messrs. Zimmer and Cauley would not have been entitled to receive any tax gross-up payments in addition to their respective Change of Control Payment described above. This outcome occurs because no "excess parachute payment" within the meaning of the Internal Revenue Code would exist, no excise tax would be due and, as a result, Messrs. Zimmer and Cauley would not have been entitled to receive any tax gross-up amounts. Rather, Messrs. Zimmer and Cauley would have only received their respective Change of Control Payment described above, plus any amounts attributable to earned and accrued (but unpaid) compensation, continuing health insurance coverage and outplacement services.

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## Executive Employment Agreement Definitions and Restrictive Covenants

*Definitions.* For purposes of the employment agreements of Messrs. Zimmer and Cauley, the terms set forth below generally have the meanings described below.

“Cause” under the named executive officers’ employment agreements generally includes (i) conviction of a felony or certain other crimes, (ii) willful misconduct, willful or gross neglect, fraud, misappropriation or embezzlement, (iii) repeated failure to adhere to certain directions, policies and practices or to devote required time and efforts to the Company, (iv) certain willful and continued failures to perform properly assigned duties, (v) material breach of certain restrictive covenants, or (vi) certain other breaches of the employment agreement.

“Good reason” under the named executive officers’ employment agreements generally includes (i) the material reduction of authority, duties and responsibilities, the failure to continue as a member of the Company’s Board (or as chairman of the Board, as applicable), or the assignment of duties materially inconsistent with the executive’s positions, (ii) a reduction in salary, (iii) the relocation of the executive’s office to more than 25 miles from Vero Beach, Florida, (iv) the Company’s failure to pay certain compensation, and (v) the Company’s material and willful breach of the employment agreement. Conditions otherwise constituting cause or good reason may be subject to specified opportunities to cure.

“Change of control” generally includes (i) certain acquisitions of 30% or more of the voting power of the Company’s capital stock by a person or group, (ii) certain consolidations or mergers where the Company’s stockholders do not immediately thereafter own at least 50% of the voting power of the resulting company, (iii) certain sales or other transfers of substantially all of the Company’s assets to a third party or the approval by the Company’s stockholders of a plan of the Company’s liquidation or dissolution, and (iv) certain significant changes in the composition of the Company’s Board of Directors.

*Restrictive Covenants.* Each named executive officer’s employment agreement also contains confidentiality provisions that apply indefinitely, provisions barring the executive from soliciting any employees or customers of the Company or its affiliates, and non-compete provisions that include, with certain limited exceptions, covenants not to: (i) conduct, directly or indirectly, any business that competes with the Company without prior consent or approval, whether such business is conducted by such person individually or as principal, partner, officer, director, consultant, employee, stockholder or manager of any person, partnership, corporation, limited liability company or any other entity; or (ii) own significant interests in any entity that is competitive, directly or indirectly, with any business carried on by the Company or its successors, subsidiaries and affiliates.

Messrs. Zimmer and Cauley are each bound by their respective non-solicitation covenant for so long as they remain an employee of the Company and its affiliates and for a one-year period thereafter. Messrs. Zimmer and Cauley are each bound by their respective non-competition covenant for so long as they remain an employee of the Company and its affiliates and for a one-year period thereafter, unless their employment is terminated by the Company without “cause” or by them with “good reason” (in each case, as defined in their respective employment agreement) or by them for any reason after a “change of control” (as defined in their respective employment agreement) of the Company, in which case their covenant not to compete will lapse on the date of their termination.

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## OTHER INFORMATION

### Security Ownership of Certain Beneficial Owners

As of the close of business on March 14, 2008, there were 25,651,875 shares of the Company’s common stock issued and outstanding, consisting of 25,013,099 shares of Class A Common Stock, 319,388 shares of Class B Common Stock and 319,388 shares of Class C Common Stock. Set forth below is certain information concerning beneficial owners, other than the Company’s directors or executive officers, of more than five percent of the Company’s outstanding common stock:

**Amount and  
Nature of**

| Title of Class       | Name and Address of Beneficial Owner   | Beneficial Ownership | Percent of Class |
|----------------------|--|----------------------|------------------|
| Class A Common Stock | Security Investors, LLC<br>One Security Benefit Place<br>Topeka, KS 66636-0001 | 2,314,800(1)         | 9.33%(1)         |

- (1) Based solely on a Schedule 13G/A filed with the Securities and Exchange Commission on February 14, 2008, Security Investors, LLC (Security Investors) reported aggregate beneficial ownership of 2,314,800 shares, or approximately 9.33%, of the Company's Class A Common Stock outstanding as of December 31, 2007. Security Investors reported that it possessed sole voting and dispositive power over 2,314,800 shares of Class A Common Stock. Security Investors also reported that it did not possess shared voting or shared dispositive power over any shares beneficially owned.

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### Security Ownership of Management

Set forth below is information known to the Company regarding the beneficial ownership of the Company's common stock as of March 14, 2008, by each of the Company's directors, director nominees and named executive officers, as well as the beneficial ownership of the Company's common stock by all directors, director nominees and named executive officers as a group. Each person's beneficial ownership includes:

- ◆ all shares the person actually owns (of record or beneficially);
- ◆ all shares over which the person has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and
- ◆ all shares the person has the right to acquire within 60 days after March 14, 2008 (such as upon vesting of outstanding phantom shares that are scheduled to vest within such period).

| Title of Class       | Name of Beneficial Owner                            | Amount and Nature of Beneficial Ownership | Percent of Class |
|----------------------|---|---|------------------|
| Class A Common Stock |   |   |                  |
|                      | Jeffrey J. Zimmer (1)                               | 284,823                                   | 1.1%             |
|                      | Robert E. Cauley                                    | 187,306                                   | *                |
|                      | Peter R. Norden (2)                                 | 1,251,088                                 | 5.0%             |
|                      | Kevin L. Bespolka (3)                               | 141,446                                   | *                |
|                      | Robert J. Dwyer                                     | 111,225                                   | *                |
|                      | W. Christopher Mortenson                            | 60,205                                    | *                |
|                      | All Directors and Executive Officers as a Group (4) | 2,036,013                                 | 8.1%             |

| Title of Class       | Name of Beneficial Owner                            | Amount and Nature of Beneficial Ownership | Percent of Class |
|----------------------|---|---|------------------|
| Class B Common Stock |   |   |                  |
|                      | Jeffrey J. Zimmer                                   | 207,602                                   | 65.0%            |
|                      | Robert E. Cauley                                    | 111,786                                   | 35.0%            |
|                      | All Directors and Executive Officers as a Group (4) | 319,388                                   | 100.0%           |

\* Holdings represent less than 1% of the issued and outstanding shares of the Company's Class A Common Stock.

- (1) Includes 10,744 shares of Class A Common Stock owned by members of Mr. Zimmer's immediate family.

- (2) Mr. Peter Norden resigned as an executive officer and director of the Company effective June 29, 2007.
- (3) Includes 6,667 shares of Class A Common Stock owned by members of Mr. Bespolka's immediate family.
- (4) None of the shares reported are shares pursuant to which a director or executive officer has a right to acquire ownership within 60 days. Also, except for 61,225 shares held by Mr. Dwyer, to the Company's knowledge, none of the shares reported are pledged as collateral.

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## **Section 16(a) Beneficial Ownership Reporting Compliance**

The Company's directors and executive officers are required to file reports of initial ownership and changes in ownership of the Company's securities with the Securities and Exchange Commission. To the Company's knowledge, based solely on a review of copies of such reports filed with the Securities and Exchange Commission and written representations that no other reports were required, the required filings of all such directors and executive officers were filed timely.

## **2007 Annual Report**

The Company's 2007 Annual Report is being mailed to stockholders concurrently with this Proxy Statement. The 2007 Annual Report, however, is not part of the proxy solicitation material. A copy of the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission, which includes the Company's consolidated financial statements for the fiscal year ended December 31, 2007, is contained in the 2007 Annual Report and is available on the Company's website at [www.biminicapital.com](http://www.biminicapital.com). You may obtain additional copies of our Annual Report on Form 10-K free of charge by directing your request in writing to our corporate secretary at Bimini Capital Management, Inc., 3305 Flamingo Drive, Vero Beach, Florida 32963.

## **Important Notice Regarding Delivery of Stockholder Documents**

In accordance with a notice sent to certain street name stockholders of the Company's voting stock who share a single address, only one copy of this Proxy Statement and the Annual Report is being sent to that address unless we received contrary instructions from any stockholder at that address. This practice, known as "householding," is designed to reduce the Company's printing and postage costs. However, if any stockholder residing at such an address wishes to receive a separate copy of this Proxy Statement or the Annual Report, he, she or it may contact the Company at 3305 Flamingo Drive, Vero Beach, Florida 32963, (772) 231-1400, and the Company will deliver those documents to such stockholder promptly upon receiving the request. Any such stockholder may also contact the Company at the contact information provided above if he, she or it would like to receive separate proxy statements and annual reports in the future. If you are receiving multiple copies of the Annual Report and Proxy Statement, you may also request householding in the future by contacting the Company's corporate secretary.

## **Other Matters; Adjournments**

So far as is known, no matters other than those described herein are expected to come before the 2008 Annual Meeting of Stockholders. It is intended, however, that the proxies solicited hereby will be voted on any other matters which may properly come before the meeting, or any adjournment or postponement thereof, in the discretion of the person or persons voting such proxies unless the stockholder has indicated on the Proxy Card that the shares represented thereby are not to be voted on such other matters. Adjournments may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time by approval of the holders of a majority of the shares present in person or by proxy at the Annual Meeting (whether or not a quorum exists) without further notice other than by an announcement made at the Annual Meeting. If the Annual Meeting is adjourned or postponed for any reason, all proxies will be voted at the reconvened Annual Meeting in the same manner as such proxies would have been voted at the original convening of the Annual Meeting (except for proxies that have, at that time, effectively been revoked or withdrawn). The Company does not currently intend to seek an adjournment of the Annual Meeting.

Vero Beach, Florida  
April [11], 2008

