



# Hatteras Financial Corp.


HTS NYSE

Financials - Specialty

Market Capitalization USD:

**\$1,891.69 mm**

## CONCERN LEVEL: LOW

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: Michael Hough****Age: 51****CEO Since: 2007**

	2009	2010	2011
<b>Base Salary</b>			\$0
<b>Discretionary Bonus</b>			\$0
<b>Annual Cash Incentive</b>			\$0
<b>Benefits and Perquisites</b>		\$84,386	\$148,162
<b>TOTAL ANNUAL COMPENSATION</b>		<b>\$84,386</b>	<b>\$148,162</b>
<b>Increase in Post-Retirement Benefits</b>			\$0
<b>Stock Option Awards</b>			\$0
<b>Stock Awards</b>		\$749,972	\$1,250,002
<b>TOTAL COMPENSATION</b>		<b>\$834,358</b>	<b>\$1,398,164</b>
<b>Median of Other Named Executive Officers Total Compensation</b>		\$486,712	\$772,362
<b>Value Realized on Exercise of Stock Option</b>	\$0	\$243,972	\$0
<b>Value Realized on Vesting of Stock</b>	\$466,560	\$485,190	\$155,270
<b>TOTAL REALIZED EQUITY COMPENSATION</b>	<b>\$466,560</b>	<b>\$729,162</b>	<b>\$155,270</b>

Proxy Date: 23 Mar 2012

Annual Meeting Date: 2 May 2012

Equity Reserves: 1.23%

Stock Option Run Rate:

# Hatteras Financial Corp.

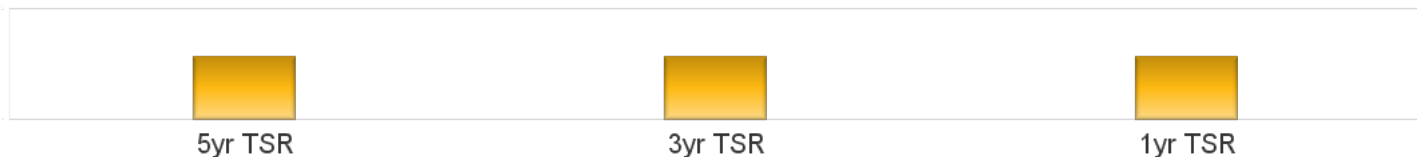
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## Performance Comparison

■ vs S&P500   ■ vs Industry   ■ HTS



## Peer Comparisons (TRBC) =Financials - Specialty

### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
<b>HTS</b>	<b>Hatteras Financial Corp.</b>		<b>\$834,358</b>	<b>\$1,398,164</b>	<b>\$1,891,694,101</b>
AJG	Arthur J. Gallagher & Co.	\$3,828,177	\$3,813,372		\$2,964,984,362
CIM	Chimera Investment Corporation	\$0			\$2,845,138,130
BRO	Brown & Brown, Inc.	\$3,611,617	\$1,780,264	\$3,282,618	\$2,544,044,601
OCN	Ocwen Financial Corporation	\$1,809,544	\$1,862,938		\$1,333,531,626
TWO	Two Harbors Investment Corp.				\$1,241,351,095
CYS	CYS Investments, Inc.				\$998,530,074

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

NA

### Performance Peer Group

NA

## COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Jeffrey D. Miller	Chairman	41	Male	5	Outside
David Berson	Member	57	Male	5	Outside
Ira Kawaller	Member	62	Male	5	Outside

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