

CHIMERA INVESTMENT CORP
Form 424B5
January 15, 2019
Table of Contents

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Registration No. 333-229255

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 15, 2019

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated January 14, 2019)

Shares

% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock

(Liquidation Preference \$25.00 Per Share)

We are offering _____ shares of our _____ % Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$25.00 per share, or the Series D Preferred Stock. Holders of Series D Preferred Stock will be entitled to receive cumulative cash dividends (i) from and including the original issue date to, but excluding, March 30, 2024 at a fixed rate equal to _____ % per annum of the \$25.00 per share liquidation preference (equivalent to \$ _____ per annum per share) and (ii) from and including March 30, 2024, at a floating rate equal to three-month LIBOR plus a spread of _____ % per annum. Dividends will be payable quarterly in arrears on the 30th day of March, June, September and December of each year, when and as declared, beginning on June 30, 2019 (long first dividend period). Dividends will accumulate and be cumulative from, and including, the date of original issuance of the Series D Preferred Stock.

The Series D Preferred Stock is not redeemable by us prior to March 30, 2024, except under circumstances where it is necessary to preserve our qualification as a real estate investment trust, or REIT, for U.S. federal income tax purposes and except as described below upon the occurrence of a Change of Control (as defined herein). On or after March 30, 2024, we may, at our option, redeem any or all of the shares of the Series D Preferred Stock at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but

excluding, the redemption date. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem any or all of the shares of Series D Preferred Stock within 120 days after the first date on which such Change of Control occurred at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date. The Series D Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless repurchased or redeemed by us or converted into shares of our common stock, par value \$0.01 per share, or our common stock, in connection with a Change of Control by the holders of Series D Preferred Stock.

Upon the occurrence of a Change of Control, each holder of Series D Preferred Stock will have the right (subject to our election to redeem the Series D Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined herein)) to convert some or all of the shares of the Series D Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series D Preferred Stock equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per share of the Series D Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date (as defined herein) and prior to the corresponding dividend payment date (as defined herein) for the Series D Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends to be paid on such dividend payment date will be included in this sum) by (ii) the Common Stock Price (as defined herein); and

, or the Share Cap, subject to certain adjustments as explained herein;

in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus supplement.

The Series D Preferred Stock has not been rated. No current market exists for the Series D Preferred Stock. We intend to apply to list the shares of the Series D Preferred Stock on the New York Stock Exchange, or NYSE, under the symbol `CIM PRD`. If the application is approved, trading of the Series D Preferred Stock on the NYSE is expected to begin within 30 days after the date of initial issuance of the Series D Preferred Stock. Our common stock is traded on the NYSE under the symbol `CIM`.

There are restrictions on transfer and ownership of the Series D Preferred Stock intended to, among other purposes, preserve our qualification as a REIT. Please see the sections entitled `Description of the Series D Preferred Stock` `Restrictions on Transfer and Ownership`, in this prospectus supplement and `Restrictions on Ownership and Transfer` in the accompanying prospectus. In addition, except under limited circumstances as described in this prospectus supplement, holders of Series D Preferred Stock generally do not have any voting rights.

Investing in the Series D Preferred Stock involves risks that are described under the caption Risk Factors beginning on page S-9 of this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and as updated by our subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus supplement.

	Per Share	Total ⁽¹⁾
Price to the public		
Underwriting discounts and commissions		
Proceeds to us (before expenses)		

(1) Assumes no exercise of the underwriters' over-allotment option.

Neither the U.S. Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

We have granted the underwriters the option to purchase a maximum of _____ additional shares of Series D Preferred Stock solely to cover over-allotments, if any, on the same terms and conditions set forth above within 30 days of the date of this prospectus supplement.

Delivery of the shares of the Series D Preferred Stock will be made on or about January _____, 2019, only in book-entry form through The Depository Trust Company.

Joint Book-Running Managers

Morgan Stanley RBC Capital Markets UBS Investment Bank Wells Fargo Securities J.P. Morgan Keefe, Bruyette & Woods

A Stifel Company

The date of this prospectus supplement is January _____, 2019

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS</u>	S-ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-ii
<u>A WARNING ABOUT FORWARD-LOOKING STATEMENTS</u>	S-iii
<u>SUMMARY</u>	S-1
<u>THE OFFERING</u>	S-3
<u>RISK FACTORS</u>	S-9
<u>USE OF PROCEEDS</u>	S-15
<u>CAPITALIZATION</u>	S-16
<u>DESCRIPTION OF THE SERIES D PREFERRED STOCK</u>	S-17
<u>UNDERWRITING</u>	S-33
<u>LEGAL MATTERS</u>	S-36
<u>EXPERTS</u>	S-36
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	S-37

Prospectus

<u>ABOUT THIS PROSPECTUS</u>	ii
<u>A WARNING ABOUT FORWARD-LOOKING STATEMENTS</u>	iii
<u>ABOUT CHIMERA INVESTMENT CORPORATION</u>	1
<u>RISK FACTORS</u>	3
<u>USE OF PROCEEDS</u>	4
<u>DESCRIPTION OF EQUITY SECURITIES</u>	5
<u>DESCRIPTION OF WARRANTS</u>	8
<u>DESCRIPTION OF DEBT SECURITIES</u>	9
<u>RESTRICTIONS ON OWNERSHIP AND TRANSFER</u>	24
<u>CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS</u>	26
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	31
<u>PLAN OF DISTRIBUTION</u>	57
<u>EXPERTS</u>	59
<u>LEGAL MATTERS</u>	59
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	60
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	61

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information.

We are not, and the underwriters are not, making an offer of the shares of Series D Preferred Stock covered by this prospectus supplement and the accompanying prospectus in any jurisdiction where the offer is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference

herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

S-i

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to, changes and updates information contained in the accompanying prospectus and the documents incorporated by reference herein or therein. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or the documents incorporated by reference herein or therein, the information in this prospectus supplement will supersede such information. In addition, any statement in a filing we make with the SEC that adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing.

This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information in this prospectus supplement and in the accompanying prospectus. Unless otherwise indicated or unless the context requires otherwise, references in this prospectus supplement to we, our, us and our company refer to Chimera Investment Corporation, a Maryland corporation, excluding its subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-3 with the SEC in connection with this offering. In addition, we file annual, quarterly, and current reports, proxy statements and other information with SEC. Our SEC filings are also available to you, free of charge, on the SEC's website at www.sec.gov. Finally, we also maintain an internet site where you can find additional information. The address of our internet site is <http://www.chimerareit.com>. All internet site addresses provided in this prospectus supplement and accompanying prospectus are for informational purposes only and are not intended to be hyperlinks. In addition, the information on our internet site is not a part of, and is not incorporated or deemed to be incorporated by reference in this prospectus supplement or accompanying prospectus. Accordingly, no information in our or any of these other internet site addresses is included herein or incorporated or deemed to be incorporated by reference herein.

Table of Contents

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus supplement and the accompanying prospectus, and the information incorporated by reference in this prospectus supplement and the accompanying prospectus, and certain statements contained in our future filings with the SEC, in our press releases or in our other public or shareholder communications may not be based on historical facts and are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. Forward-looking statements, which are based on various assumptions (some of which are beyond our control), may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as may, would, will, believe, expect, anticipate, continue, should, intend, estimate, plan, or other similar terms or the negative of those terms. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to:

our business and investment strategy;

availability of investment opportunities in real estate-related and other securities;

our expected investments;

changes in the value of our investments;

changes in interest rates and mortgage prepayment rates;

prepayments of the mortgage and other loans underlying our mortgage-backed securities, or RMBS, or other asset-backed securities, or ABS;

rates of default, delinquencies or decreased recovery rates on our investments;

general volatility of the securities markets in which we invest;

our ability to maintain existing financing arrangements and our ability to obtain future financing arrangements;

our ability to effect our strategy to securitize residential mortgage loans;

interest rate mismatches between our investments and our borrowings used to finance such purchases;

effects of interest rate caps on our adjustable-rate investments;

the degree to which our hedging strategies may or may not protect us from interest rate volatility;

the impact of and changes to various government programs;

impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters;

market trends in our industry, interest rates, the debt securities markets or the general economy;

estimates relating to our ability to make distributions to our stockholders in the future;

our understanding of our competition;

availability of qualified personnel;

our ability to maintain our classification as a REIT for U.S. federal income tax purposes;

our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or the 1940 Act;

our expectations regarding materiality or significance;

the effectiveness of our disclosure controls and procedures; and

the use of proceeds of this offering.

S-iii

Table of Contents

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described under the captions

Summary Overview and Risk Factors in this prospectus supplement and our most recent Annual Report on Form 10-K and as updated by our subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

S-iv

Table of Contents

SUMMARY

The following summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that is important to you. Before making a decision to invest in the Series D Preferred Stock, you should read carefully this entire prospectus supplement and the accompanying prospectus, including the risks set forth under the caption Risk Factors in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, and as updated by our subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus supplement. This summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in this prospectus supplement. Except where the context suggests otherwise, the terms Chimera, company, we, us and our refer to Chimera Investment Corporation. The term you refers to a prospective investor.

Overview

Our Company

We are a publicly traded REIT that commenced operations on November 21, 2007. We are primarily engaged in the business of investing directly or indirectly through our subsidiaries, on a leveraged basis, in a diversified portfolio of mortgage assets, including residential mortgage loans, Non-Agency RMBS, Agency commercial mortgage-backed securities, Agency RMBS, and other real estate related securities. Our principal business objective is to deliver shareholder value through the generation of distributable income and through asset performance linked to residential mortgage credit fundamentals.

We focus our investment activities primarily on acquiring residential mortgage loans and on acquiring Non-Agency and Agency residential and commercial mortgage-backed securities, or MBS. At September 30, 2018, based on the amortized cost balance of our interest earning assets, approximately 52% of our investment portfolio was residential mortgage loans, 41% of our investment portfolio was Agency MBS and 7% of our investment portfolio was Non-Agency RMBS, respectively. At December 31, 2017, based on the amortized cost balance of our interest earning assets, approximately 67% of our investment portfolio was residential mortgage loans, 22% of our investment portfolio was Agency MBS and 11% of our investment portfolio was Non-Agency RMBS, respectively.

Our investment strategy is intended to take advantage of opportunities in the current interest rate and credit environment. We expect to adjust our strategy to changing market conditions by shifting our asset allocations across these various asset classes as interest rate and credit cycles change over time. We believe that our strategy will enable us to pay dividends and preserve capital throughout changing market cycles. We expect to take a long-term view of assets and liabilities, and our reported earnings and estimates of the fair value of our investments at the end of a financial reporting period will not significantly impact our objective of providing attractive risk-adjusted returns to our stockholders over the long-term.

We use leverage to increase returns and to finance the acquisition of our assets. We are not required to maintain any specific debt-to-equity ratio as we believe the appropriate leverage for the particular assets we are financing depends on the credit quality and risk of those assets. Subject to maintaining our REIT qualification, we may use a number of sources to finance our investments, including repurchase agreements, warehouse facilities, securitizations and resecuritizations. Subject to maintaining our REIT qualification, we may manage our debt and interest rate risk by utilizing interest rate hedges, such as interest rate swaps, caps, options and futures to reduce the effect of interest rate fluctuations related to our financing sources.

S-1

Table of Contents

Under the U.S. credit risk retention rules that became effective on December 24, 2015, for transactions which we sponsor we have committed to consolidate the loans and retain a meaningful investment for at least five years. Our credit investments are generally structurally locked out from pre-payments resulting in a high yielding longer duration credit portfolio.

To assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes, no person may own more than 9.8%, in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, excluding any shares of capital stock not treated as outstanding for U.S. federal income tax purposes, unless our board of directors waives this limitation.

Recent Developments

Fourth Quarter 2018 Common Stock Cash Dividend

On October 30, 2018, we declared our fourth quarter 2018 common stock cash dividend of \$0.50 per common share. This dividend is payable January 31, 2019 to common stockholders of record on December 31, 2018.

On December 31, 2018, we paid our fourth quarter cash dividend of \$0.50 per share of Series A Preferred Stock, our fourth quarter cash dividend of \$0.50 per share of Series B Preferred Stock and our fourth quarter cash dividend of \$0.53819 per share of Series C Preferred Stock, in each case to holders of record on November 30, 2018.

Corporate Information

Our common stock is traded on the NYSE under the symbol CIM. Our principal executive offices are located at 520 Madison Ave, 32nd Floor, New York, New York 10022. Our telephone number is (212) 626-2300.

Table of Contents**THE OFFERING**

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Series D Preferred Stock, see Description of the Series D Preferred Stock in this prospectus supplement and Description of Equity Securities Preferred Stock in the accompanying prospectus.

In this prospectus supplement, (i) our Junior Stock means our common stock and any class or series of stock we may issue in the future that by its terms ranks junior to the Series D Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up, (ii) our Parity Stock means our 8.00% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, or the Series A Preferred Stock, our 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, or the Series B Preferred Stock, our 7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, or the Series C Preferred Stock, our Series D Preferred Stock and any class or series of stock issued by us that by its terms ranks on parity with the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock and the Series D Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up, and (iii) our Senior Stock means any class or series of stock we may issue in the future that by its terms ranks senior to the Series D Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up. The term stock does not include any convertible or exchangeable debt securities we may issue in the future.

Issuer	Chimera Investment Corporation
Securities Offered	shares of % Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share (plus up to an additional shares of % Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock that we will issue and sell in the event the underwriters exercise their over-allotment option).
Dividends	<p> Holders of Series D Preferred Stock will be entitled to receive cumulative cash dividends (i) from and including the original issue date to, but excluding, March 30, 2024 at a fixed rate equal to % per annum of the \$25.00 per share liquidation preference (equivalent to \$ per annum per share) and (ii) from and including March 30, 2024, at a floating rate equal to three-month LIBOR plus a spread of % per annum of the \$25.00 per share liquidation preference.</p> <p> Dividends will be payable quarterly in arrears on the 30th day of March, June, September and December of each year, when and as declared, provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day. Dividends will accumulate and be cumulative from, and including, the date of original issuance, which is expected to be January ,</p>

2019. The first dividend is scheduled to be payable on or about June 30, 2019 (long first dividend period) in the amount of \$ per share and will be paid to the persons who are the holders of record of the Series D Preferred Stock at the close of business on the corresponding record date fixed by our board of

S-3

Table of Contents

directors in accordance with the articles supplementary classifying and designating the Series D Preferred Stock.

No Maturity

The Series D Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series D Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under Conversion Rights. We are not required to set apart for payment the funds to redeem the Series D Preferred Stock.

Optional Redemption

The Series D Preferred Stock is not redeemable by us prior to March 30, 2024, except under circumstances where it is necessary to preserve our qualification as a REIT for U.S. federal income tax purposes and except as described below under Special Optional Redemption upon the occurrence of a Change of Control (as defined herein). On and after March 30, 2024, we may, at our option, redeem the Series D Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date. Please see the section entitled

Description of the Series D Preferred Stock Redemption Optional Redemption.

Special Optional Redemption

Upon the occurrence of a Change of Control, we may, at our option, redeem the Series D Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date. If, prior to the Change of Control Conversion Date (as defined herein), we have provided notice of our election to redeem some or all of the shares of Series D Preferred Stock (whether pursuant to our optional redemption right described above or this special optional redemption right), the holders of Series D Preferred Stock will not have the conversion right described below under

Conversion Rights with respect to the shares of Series D Preferred Stock called for redemption. Please see the section entitled Description of the Series D Preferred Stock Redemption in this prospectus supplement.

A Change of Control is deemed to occur when, after the original issuance of the Series D Preferred Stock, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our stock entitling that person to exercise more than 50% of the total voting

S-4

Table of Contents

power of all our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American LLC or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American LLC or the Nasdaq Stock Market.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series D Preferred Stock will have the right (unless we have exercised our right to redeem the Series D Preferred Stock in whole or part, as described above under Optional Redemption or Special Optional Redemption, prior to the Change of Control Conversion Date) to convert some or all of the shares of Series D Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series D Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per share of Series D Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date (as defined herein) and prior to the corresponding dividend payment date (as defined herein) for the Series D Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends to be paid on such dividend payment date will be included in this sum) by (ii) the Common Stock Price (as defined herein); and

, or the Share Cap, subject to adjustments to the Share Cap for any splits, including those effected by distributions, subdivisions or combinations of our common stock;

in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus supplement.

For definitions of Change of Control Conversion Right, Change of Control Conversion Date and Common Stock Price and a description of certain adjustments and provisions for the receipt of alternative consideration that may be applicable to the conversion of Series D Preferred Stock in the event of a Change of Control, and for

S-5

Table of Contents

other important information, please see the section entitled "Description of the Series D Preferred Stock - Conversion Rights."

Liquidation Preference

If we liquidate, dissolve or wind up, holders of Series D Preferred Stock will have the right to receive \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the payment date, before any payment is made to the holders of our common stock and the holders of any other Junior Stock we may issue in the future. Please see the section entitled "Description of the Series D Preferred Stock - Liquidation Preference."

Ranking

The Series D Preferred Stock will rank, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

senior to all classes or series of our common stock and any other Junior Stock we may issue in the future;

on a parity with our Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and any other Parity Stock we may issue in the future;

junior to any Senior Stock we may issue in the future; and

effectively junior to all of our existing and future indebtedness (including indebtedness convertible into or exchangeable for our common stock or preferred stock) and the indebtedness of our existing and future subsidiaries.

Voting Rights

Holders of Series D Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series D Preferred Stock for six or more full quarterly Dividend Periods (as defined herein) (whether or not consecutive), the number of directors constituting the board of directors will automatically be increased by two and the holders of Series D Preferred Stock, voting together as a single class with the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and all other classes or series of our preferred stock we may issue in the future ranking on parity with the Series D Preferred Stock and upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of two additional directors to serve on our board of directors until we pay all dividends

accumulated on the Series D Preferred Stock for all past Dividend Periods and the then current Dividend Period.

In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock, voting together as a single class with the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and all other classes or series of our preferred stock we may issue in the future ranking on

S-6

Table of Contents

parity with the Series D Preferred Stock upon which like voting rights have been conferred and are exercisable, is required for us to:

authorize, create or increase the authorized or issued amount of any class or series of Senior Stock; or

amend, alter or repeal any provision of our charter (including the articles supplementary designating the Series D Preferred Stock) so as to materially and adversely affect any rights of the Series D Preferred Stock. However, if any such change would materially and adversely affect the rights, preferences, privileges or voting rights of the Series D Preferred Stock disproportionately relative to other classes or series of Parity Stock, then the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock (voting as a separate class) will also be required.

Among other things, we may, without a vote of the holders of Series D Preferred Stock, issue additional shares of Series D Preferred Stock and we may authorize and issue additional classes or series of Parity Stock, including the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series D Preferred Stock are outstanding, we will use our best efforts to transmit through our website at <http://www.chimerareit.com> (or other permissible means under the Exchange Act) copies of the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required). We will use our best efforts to provide such reports on our website within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act and we were a non-accelerated filer within the meaning of the Exchange Act.

Listing

No current market exists for the Series D Preferred Stock. We intend to apply to list the Series D Preferred Stock on the NYSE under the symbol CIM PRD . If approved for listing, we expect that trading on the NYSE will commence within 30 days after the date of initial issuance of the Series D Preferred Stock. Certain of the underwriters have advised us that they intend to make a market in the Series D Preferred Stock prior to the commencement of any trading on the NYSE, but they are not

obligated to do so and may discontinue market making at any time without notice. We cannot assure you that a market for the Series D Preferred Stock will develop prior to commencement of trading on the NYSE or, if developed, will be maintained or will provide you with adequate liquidity.

S-7

Table of Contents

Restrictions on Transfer and Ownership	In order to ensure that we remain qualified as a REIT for U.S. federal income tax purposes, among other purposes, our charter, including the articles supplementary setting forth the terms of the Series D Preferred Stock, provides that generally no person, other than certain excepted holders, may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code of 1986, as amended, or the Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock, excluding any shares of capital stock not treated as outstanding for U.S. federal income tax purposes. These provisions may restrict the ability of a holder of Series D Preferred Stock to convert such stock into our common stock as described above under Conversion Rights. Our board of directors may, in its sole discretion, exempt a person from the 9.8% ownership limit under certain circumstances. Please see the sections entitled Description of the Series D Preferred Stock Restrictions on Transfer and Ownership in this prospectus supplement and Restrictions on Ownership and Transfer in the accompanying prospectus.
Book Entry and Form	The Depository Trust Company will act as securities depository for the Series D Preferred Stock, which will only be issued in the form of global securities held in book-entry form.
Use of Proceeds	We expect that the net proceeds from the Series D Preferred Stock offering will be approximately \$ million after deducting the underwriting discount and our estimated expenses. We intend to use the net proceeds of this offering to finance the acquisition of mortgage assets including residential mortgage loans, non-Agency RMBS, Agency RMBS, Agency and non-Agency CMBS and other targeted assets, and for other general corporate purposes such as repayment of outstanding indebtedness or to pay down other liabilities, working capital and for liquidity needs. See Use of Proceeds in this prospectus supplement.
U.S. Federal Income Tax Considerations	For a discussion of the material U.S. federal income tax considerations relating to of purchasing, owning and disposing of the Series D Preferred Stock and any common stock received upon conversion of the Series D Preferred Stock, please see the section entitled Material U.S. Federal Income Tax Considerations in the accompanying prospectus.
Risk Factors	Investing in the Series D Preferred Stock involves risks that are described under the caption Risk Factors in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and as updated by our subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference into this prospectus supplement.

S-8

Table of Contents

RISK FACTORS

Investing in the Series D Preferred Stock involves risk. Please see the risks described below in addition to the risk factors included in our most recent Annual Report on Form 10-K, in our Quarterly Reports on Form 10-Q and other information that we file from time to time with the SEC. Such risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect us and the market value of the Series D Preferred Stock. The risks described could affect our business, financial condition, liquidity, results of operations, prospects, and the market value of the Series D Preferred Stock. In such a case, you may lose all or part of your original investment. You should consider carefully the risks described below and in these reports, as well as other information and data set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein before making an investment decision with respect to the Series D Preferred Stock.

Risks Related to the Series D Preferred Stock

The Series D Preferred Stock ranks junior to our existing and future indebtedness and any Senior Stock we may issue in the future, and your interests could be diluted by the issuance of additional shares of preferred stock and by other transactions.

The Series D Preferred Stock ranks junior to all of our existing and future indebtedness and any Senior Stock we may issue in the future and to other non-equity claims on us and our assets available to satisfy claims against us, including claims in bankruptcy, liquidation or similar proceedings. In the event of our bankruptcy, liquidation or dissolution or the winding-up of our affairs, our assets will be available to pay obligations on the Series D Preferred Stock only after all of our indebtedness and other liabilities have been paid. In addition, the Series D Preferred Stock would effectively rank junior to all indebtedness and other liabilities of any existing or future subsidiaries. Such subsidiaries are or would be separate legal entities and have or will have no legal obligation to pay any amounts to us in respect of dividends due on the Series D Preferred Stock. If we are forced to liquidate our assets to pay our creditors, we may not have sufficient assets to pay amounts due on any or all of the Series D Preferred Stock then outstanding. We may in the future incur substantial amounts of debt and other obligations that will rank senior to the Series D Preferred Stock.

Our charter currently authorizes the issuance of up to 100,000,000 shares of preferred stock in one or more classes or series. Prior to this offering, we have issued 5,800,000 shares of Series A Preferred Stock, 13,000,000 shares of Series B Preferred Stock and 10,400,000 shares of Series C Preferred Stock. Subject to limitations prescribed by Maryland law and our charter, our board of directors is authorized to issue, from our authorized but unissued shares of stock, preferred stock in such classes or series as our board of directors may determine and to establish from time to time the number of shares of preferred stock to be included in any such class or series. The issuance of additional shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or other Parity Stock would dilute the interests of the holders of Series D Preferred Stock, and the issuance of any Senior Stock or the incurrence of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series D Preferred Stock. Other than the limited conversion rights afforded to holders of Series D Preferred Stock that may become exercisable in connection with certain changes of control as described in this prospectus supplement under the heading **Description of the Series D Preferred Stock Conversion Rights**, none of the provisions relating to the Series D Preferred Stock contain any terms relating to or limiting our indebtedness or affording the holders of Series D Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets, so long as the rights of the holders of Series D Preferred Stock are not materially and adversely affected.

The Series D Preferred Stock has not been rated.

We have not sought to obtain a rating for the Series D Preferred Stock, and the Series D Preferred Stock may never be rated. It is possible, however, that one or more rating agencies might independently determine to

S-9

Table of Contents

assign a rating to the Series D Preferred Stock or that we may elect to obtain a rating of our Series D Preferred Stock in the future. Furthermore, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the Series D Preferred Stock in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the Series D Preferred Stock.

Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. Further, a rating is not a recommendation to purchase, sell or hold any particular security, including the Series D Preferred Stock. In addition, ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of the Series D Preferred Stock may not reflect all risks related to the Company and its business, or the structure or market value of the Series D Preferred Stock.

We may not be able to pay dividends or other distributions on the Series D Preferred Stock.

Under Maryland law, no distributions on stock may be made if, after giving effect to the distribution, (i) the corporation would not be able to pay the indebtedness of the corporation as such indebtedness becomes due in the usual course of business or (ii) except in certain limited circumstances when distributions are made from net earnings, the corporation's total assets would be less than the sum of the corporation's total liabilities plus, unless the charter provides otherwise (which our charter does, with respect to the Series A Preferred Stock, Series B Preferred Stock, the Series C Preferred Stock and the Series D Preferred Stock), the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights on dissolution are superior to those receiving the distribution. There can be no guarantee that we will have sufficient cash to pay dividends on the Series D Preferred Stock. Our ability to pay dividends may be impaired if any of the risks described in this prospectus supplement and the accompanying prospectus or incorporated by reference in this prospectus supplement and in the accompanying prospectus were to occur. In addition, payment of our dividends depends upon our earnings, our financial condition, maintenance of our REIT qualification and other factors as our board of directors may deem relevant from time to time. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on the Series A Preferred Stock, Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock and on our common stock, to pay our indebtedness or to fund our other liquidity needs.

You may not be able to exercise conversion rights upon a Change of Control. If exercisable, the change of control conversion rights described in this prospectus supplement may not adequately compensate you. These change of control conversion rights may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

Upon the occurrence of a Change of Control, each holder of the Series D Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series D Preferred Stock held by such holder as described under Description of the Series D Preferred Stock Redemption Optional Redemption or Description of the Series D Preferred Stock Redemption Special Optional Redemption, in which case such holder will have the right only with respect to shares of Series D Preferred Stock that are not called for redemption) to convert some or all of such holder's Series D Preferred Stock into shares of our common stock (or under specified circumstances certain alternative consideration). Notwithstanding that we generally may not redeem the Series D Preferred Stock prior to March 30, 2024, we have a special optional redemption right to redeem the Series D Preferred Stock in the event of a Change of Control, and holders of Series D Preferred Stock will not have the right to convert any shares that we have elected to redeem prior to the Change of Control Conversion

Date. Please see the sections entitled Description of the Series D Preferred Stock Redemption Special Optional Redemption and Description of the Series D Preferred Stock Conversion Rights.

S-10

Table of Contents

If we do not elect to redeem the Series D Preferred Stock prior to the Change of Control Conversion Date, then upon an exercise of the conversion rights provided to the holders of our Series D Preferred Stock, the holders of Series D Preferred Stock will be limited to a maximum number of shares of our common stock (or, if applicable, the Alternative Conversion Consideration (as defined below)) equal to the Share Cap multiplied by the number of shares of Series D Preferred Stock converted. If the Common Stock Price is less than \$ _____ per share (which is 50% of the per share closing sale price of our common stock reported on the NYSE on January _____, 2019), subject to adjustment in certain circumstances, the holders of Series D Preferred Stock will receive a maximum of _____ shares of our common stock per share of Series D Preferred Stock, which may result in a holder receiving shares of common stock (or Alternative Conversion Consideration, as applicable) with a value that is less than the liquidation preference of the Series D Preferred Stock.

In addition, the Change of Control conversion feature of the Series D Preferred Stock may have the effect of discouraging a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change of control transaction under circumstances that otherwise could provide the holders of Series D Preferred Stock with the opportunity to realize a premium over the then-current market price of such stock or that stockholders may otherwise believe is in their best interests.

Our charter, including the articles supplementary designating the Series D Preferred Stock, contains restrictions upon transfer and ownership of our stock, which may impair the ability of holders to acquire the Series D Preferred Stock or convert Series D Preferred Stock into our common stock.

Our charter, including the articles supplementary designating the Series D Preferred Stock, contains restrictions on transfer and ownership of our stock intended to, among other purposes, assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes. Our charter provides that generally no person, other than certain excepted holders, may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock, excluding any shares of capital stock not treated as outstanding for U.S. federal income tax purposes. See Description of the Series D Preferred Stock Restrictions on Transfer and Ownership of Stock in this prospectus supplement and Restrictions on Ownership and Transfer in the accompanying prospectus. You should consider these ownership limitations prior to your purchase of the Series D Preferred Stock. No holder of Series D Preferred Stock will be entitled to convert such stock into our common stock to the extent that receipt of shares of our common stock would cause the holder to exceed any of the limitations on ownership and transfer contained in our charter. In addition, these restrictions could have anti-takeover effects and could reduce the possibility that a third party will attempt to acquire control of us, which could adversely affect the market price of the Series D Preferred Stock.

The historical levels of three-month LIBOR are not an indication of the future levels of three-month LIBOR.

From March 30, 2024, the dividend rate for the Series D Preferred Stock will be determined based on three-month LIBOR. In the past, the level of three-month LIBOR has experienced significant fluctuations. Historical levels, fluctuations and trends of three-month LIBOR are not necessarily indicative of future levels. Any historical upward or downward trend in three-month LIBOR is not an indication that three-month LIBOR is more or less likely to increase or decrease at any time during the floating rate period, and you should not take the historical levels of three-month LIBOR as an indication of its future performance.

Although the actual three-month LIBOR on a dividend payment date or at other times during a Dividend Period (as defined herein) may be higher than the three-month LIBOR on the applicable Dividend Determination Date (as defined herein), you will not benefit from the three-month LIBOR at any time other than on the Dividend Determination Date for such Dividend Period. As a result, changes in the three-month LIBOR may not result in a

comparable change in the market value of the Series D Preferred Stock from March 30, 2024.

S-11

Table of Contents***Changes in banks' inter-bank lending rate reporting practices or the method pursuant to which LIBOR is determined may adversely affect the value of the Series D Preferred Stock.***

LIBOR and other indices which are deemed "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or have other consequences which cannot be predicted. In particular, regulators and law enforcement agencies in the U.K. and elsewhere are conducting criminal and civil investigations into whether the banks that contribute information to the British Bankers' Association (the "BBA") in connection with the daily calculation of LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to this alleged manipulation of LIBOR. Actions by the regulators or law enforcement agencies, as well as ICE Benchmark Administration (the current administrator of LIBOR), may result in changes to the manner in which LIBOR is determined or the establishment of alternative reference rates. For example, on July 27, 2017, the U.K. Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021.

At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be implemented in the U.K. or elsewhere. Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for securities on which the interest or dividend is determined by reference to LIBOR, such as the Series D Preferred Stock. To the extent the Three-Month LIBOR Rate is discontinued or is no longer quoted, the applicable base rate used to calculate dividend payments on the Series D Preferred Stock during the floating rate period will be determined using the alternative methods described in "Description of the Series D Preferred Stock - Dividends." Any of these alternative methods may result in dividend payments that are lower than or that do not otherwise correlate over time with the dividend payments that would have been made on the Series D Preferred Stock during the floating rate period if the Three-Month LIBOR Rate was available in its current form. The final alternative method sets the dividend rate for a Dividend Period during the floating rate period at the same rate as the immediately preceding Dividend Period during the floating rate period or, in the case of the first Dividend Period in the floating rate period, the most recent dividend rate that could have been determined had the floating rate period been applicable prior to the first Dividend Period in the floating rate period. More generally, any of the above changes or any other consequential changes to LIBOR or any other "benchmark" as a result of international, national or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the value of and return on any securities based on or linked to a "benchmark", such as the Series D Preferred Stock.

We may issue additional shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and additional series of preferred stock that rank on parity with or senior to the Series D Preferred Stock as to dividend rights, rights upon liquidation or voting rights.

The issuance of additional shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and additional series of preferred stock on parity with or senior to the Series D Preferred Stock would dilute the interests of the holders of the Series D Preferred Stock, and any issuance of preferred stock senior to the Series D Preferred Stock or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series D Preferred Stock. In addition, although holders of Series D Preferred Stock are entitled to limited voting rights, as described in "Description of the Series DC Preferred Stock - Voting Rights," with respect to such matters, subject to certain exceptions, the Series D Preferred Stock will vote as a class with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and all other classes or

series of preferred stock that we may issue upon which like voting rights have been conferred and are exercisable. As a result, generally, the voting rights of holders of Series D Preferred Stock may be significantly diluted, and the holders of such other series of preferred stock that we may issue may

S-12

Table of Contents

be able to control or significantly influence the outcome of any vote. Future issuances and sales of Parity Stock, or the perception that such issuances and sales could occur, may cause prevailing market prices for the Series D Preferred Stock and our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

As a holder of Series D Preferred Stock, you will have limited voting rights.

Your voting rights as a holder of Series D Preferred Stock will be limited. Our common stock is the only class of our securities that currently carries full voting rights. Holders of Series D Preferred Stock may vote only (i) to elect, voting together as a single class, with holders of our Parity Stock having similar voting rights, including holders of Series A Preferred Stock and Series B Preferred Stock, Series C Preferred Stock two additional directors to our board of directors in the event that six full quarterly dividends (whether or not consecutive) payable on the Series D Preferred Stock are in arrears, (ii) on amendments to our charter, including the articles supplementary designating the Series D Preferred Stock, that materially and adversely affect the rights of the holders of Series D Preferred Stock or (iii) to authorize or create, or increase the authorized or issued amount of, additional classes or series of Senior Stock. Other than the limited circumstances described in this prospectus supplement, holders of Series D Preferred Stock will not have any voting rights. See [Description of the Series D Preferred Stock Voting Rights](#) in this prospectus supplement.

The market price of the Series D Preferred Stock could be substantially affected by various factors.

The market price of the Series D Preferred Stock will depend on many factors, which may change from time to time, including:

prevailing interest rates, increases in which may have an adverse effect on the market price of the Series D Preferred Stock;

trading prices of common and preferred equity securities issued by REITs and other similar companies;

the annual yield from distributions on the Series D Preferred Stock as compared to yields on other financial instruments;

general economic and financial market conditions;

government action or regulation;

our financial condition, performance and prospects and those of our competitors;

changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry;

our issuance of additional preferred equity securities or the incurrence of debt; and

actual or anticipated variations in our quarterly operating results and those of our competitors.

As a result of these and other factors, investors who purchase the Series D Preferred Stock in this offering may experience a decrease, which could be substantial and rapid, in the market price of the Series D Preferred Stock, including decreases unrelated to our operating performance or prospects.

The Series D Preferred Stock is a new issue of securities and does not have an established trading market, which may negatively affect its value and your ability to transfer and sell your shares.

The Series D Preferred Stock is a new issue of securities and currently no market exists for the Series D Preferred Stock. We intend to apply to list the Series D Preferred Stock on the NYSE. However, we cannot assure you that the Series D Preferred Stock will be approved for listing on the NYSE. Even if so approved, trading of the Series D Preferred Stock on the NYSE is not expected to begin until sometime during the period

S-13

Table of Contents

ending 30 days after the date of initial issuance of the Series D Preferred Stock and, in any event, a trading market on the NYSE for the Series D Preferred Stock may never develop or, even if one develops, may not be maintained and may not provide you with adequate liquidity. Certain of the underwriters have advised us that they intend to make a market in the Series D Preferred Stock prior to the commencement of any trading on the NYSE, but they are not obligated to do so and may discontinue market making at any time without notice. The liquidity of any market for the Series D Preferred Stock that may develop will depend on a number of factors, including prevailing interest rates, the dividend rate on our common stock, our financial condition and operating results, the number of holders of Series D Preferred Stock, the market for similar securities and the interest of securities dealers in making a market in the Series D Preferred Stock. As a result, the ability to transfer or sell the Series D Preferred Stock and the amount you receive upon any sale or transfer of the Series D Preferred Stock could be adversely affected.

Future offerings of debt or equity securities may adversely affect the market price of the Series D Preferred Stock.

Future issuances and sales of Parity Stock, or the perception that such issuances and sales could occur, may cause prevailing market prices for the Series D Preferred Stock and our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

If we decide to issue debt or Senior Stock in the future, it is possible that these securities will be governed by an indenture or other instrument containing covenants or other provisions that will restrict our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of the Series D Preferred Stock and may result in dilution to owners of the Series D Preferred Stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of Series D Preferred Stock bear the risk of our future offerings reducing the market price of the Series D Preferred Stock and diluting the value of their holdings in us.

If our common stock is delisted, your ability to transfer or sell your shares of the Series D Preferred Stock may be limited and the market value of the Series D Preferred Stock will likely be materially adversely affected

Other than in connection with a Change of Control, the Series D Preferred Stock does not contain provisions that are intended to protect you if our common stock is delisted from the NYSE. Since the Series D Preferred Stock has no stated maturity date, you may be forced to hold your shares of the Series D Preferred Stock and receive stated dividends on the Series D Preferred Stock when, as and if authorized by our board of directors and declared and paid by us with no assurance as to ever receiving the liquidation value thereof. In addition, if our common stock is delisted from the NYSE, it is likely that the Series D Preferred Stock will be delisted from the NYSE as well. Accordingly, if our common stock is delisted from the NYSE, your ability to transfer or sell your shares of the Series D Preferred Stock may be limited and the market value of the Series D Preferred Stock will likely be materially adversely affected.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds of this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full), after deduction of underwriting discounts and estimated offering expenses payable by us.

We intend to use the net proceeds of this offering to finance the acquisition of mortgage assets including residential mortgage loans, non-Agency RMBS, Agency RMBS, Agency and non-Agency CMBS and other targeted assets, and for other general corporate purposes such as repayment of outstanding indebtedness or to pay down other liabilities, working capital and for liquidity needs.

Pending these uses, we may invest the net offering proceeds in interest-bearing, short-term investments, including money market accounts that are consistent with our intention to maintain our qualification as a REIT, or we may use them to reduce short-term indebtedness.

S-15

Table of Contents**CAPITALIZATION**

The following table sets forth our consolidated capitalization as of September 30, 2018 (i) on an actual basis and (ii) on an as adjusted basis after giving effect to the designation of _____ shares of our authorized but unissued preferred stock as Series D Preferred Stock and the issuance and sale of _____ shares of Series D Preferred Stock in this offering (assuming no exercise of the underwriters' over-allotment option).

You should read the table below in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the accompanying consolidated financial statements and related notes in our annual report on Form 10-K for the year ended December 31, 2017 and in our quarterly report on Form 10-Q for the quarter ended September 30, 2018, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of September 30, 2018 (unaudited)	
	Actual	As Adjusted
	(Amounts in thousands, except share and per share data)	
Cash and cash equivalents	\$ 121,046	\$
Total liabilities	\$ 21,266,745	\$ 21,266,745
Stockholders' Equity:		
Preferred stock, \$0.01 par value per share, 100,000,000 shares authorized, 29,200,000 shares issued and outstanding on an actual basis and _____ shares issued and outstanding on an as adjusted basis ⁽¹⁾	292	
Common stock, \$0.01 par value per share, 300,000,000 shares authorized, 500,000,000 shares authorized on an as adjusted basis, 187,006,943 shares issued and outstanding on an actual and as adjusted basis ⁽²⁾⁽³⁾	1,870	1,870
Additional paid-in capital	4,069,868	
Accumulated other comprehensive income	627,936	627,936
Cumulative earnings	3,482,287	3,482,287
Cumulative distributions to stockholders	(4,269,072)	(4,269,072)
Total stockholders' equity	\$ 3,913,181	\$
Total capitalization	\$ 25,179,926	\$

- (1) Does not include up to _____ shares of Series D Preferred Stock that may be issued upon exercise of the underwriters' over-allotment option.
- (2) Excludes shares of common stock issuable upon vesting of outstanding restricted common stock reserved for future issuance under our equity incentive plan.
- (3) We intend to amend our charter to increase the aggregate number of authorized shares of common stock from 300,000,000 to 500,000,000. See "Description of Series D Preferred Stock - General."

S-16

Table of Contents

DESCRIPTION OF THE SERIES D PREFERRED STOCK

This description of certain terms of the Series D Preferred Stock supplements, and, to the extent inconsistent therewith, replaces, the description of the general terms and provisions of our preferred stock set forth in the accompanying prospectus. The description of certain terms of the Series D Preferred Stock in this prospectus supplement does not purport to be complete and is in all respects subject to, and qualified in its entirety by references to the relevant provisions of our charter, including the articles supplementary designating the terms of the Series D Preferred Stock, our bylaws and Maryland law. Copies of our charter and our bylaws are filed as exhibits to the registration statement of which this prospectus supplement and accompanying prospectus form a part.

General

Pursuant to our charter, we are currently authorized to designate and issue up to 100,000,000 shares of preferred stock, \$0.01 par value per share, in one or more classes or series and, subject to the limitations prescribed by our charter and Maryland law, with such terms of each class or series of preferred stock, including preferences, conversion or other rights, voting power, restrictions, limitations as to dividends or other distributions, qualifications, and terms and conditions of redemption and the number of shares constituting any class or series, as our board of directors may determine, without any vote or action by our stockholders. As of the date of this prospectus supplement, we have 5,800,000 shares of Series A Preferred Stock issued and outstanding, 13,000,000 shares of Series B Preferred Stock issued and outstanding and 10,400,000 shares of Series C Preferred Stock issued and outstanding.

On January 14, 2019, our board of directors approved an amendment to our charter (the Amendment) to increase the number of shares of our common stock authorized to be issued by us from time to time from 300,000,000 to 500,000,000 shares. We intend to cause the Amendment to become effective upon its filing with State Department of Assessments and Taxation of Maryland on or about the time we close this offering of Series D Preferred Stock.

In connection with this offering, our board of directors and a committee of the board will, as permitted by our charter and Maryland law, classify and designate a new series of preferred stock with the rights set forth herein consisting of shares designated as the % Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, which we refer to herein as the Series D Preferred Stock, by adopting and filing the articles supplementary with the State Department of Assessments and Taxation of Maryland. Subsequent to the completion of this offering, we will have available for issuance authorized but undesignated and unissued shares of preferred stock. Our board of directors may, without the approval of holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or our common stock, designate additional series of authorized preferred stock ranking junior to or on parity with the Series D Preferred Stock or designate additional shares of the Series D Preferred Stock and authorize the issuance of such shares.

We intend to apply to list the shares of the Series D Preferred Stock on the NYSE under the symbol CIM PRD. If the application is approved, we expect trading to commence within 30 days after the initial delivery of the shares of Series D Preferred Stock.

The registrar, transfer agent and dividend and redemption price disbursing agent in respect of the Series D Preferred Stock will be Computershare Inc.

Maturity

The Series D Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series D Preferred Stock will remain outstanding indefinitely unless we

S-17

Table of Contents

decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under Conversion Rights. We are not required to set apart for payment the funds to redeem the Series D Preferred Stock.

Ranking

The Series D Preferred Stock will rank, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

senior to all classes or series of our common stock and any other Junior Stock we may issue;

on a parity with our Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and any Parity Stock we may issue; junior to any Senior Stock we may issue; and

effectively junior to all of our existing and future indebtedness (including indebtedness convertible into or exchangeable for our common stock or preferred stock) and the indebtedness of our existing and future subsidiaries.

Dividends

Holders of shares of the Series D Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends. The initial dividend rate for the Series D Preferred Stock from and including the date of original issuance to, but not including, March 30, 2024 (the Fixed Rate Period) will be % of the \$25.00 per share liquidation preference per annum (equivalent to \$ per annum per share). On and after March 30, 2024 (the Floating Rate Period), dividends on the Series D Preferred Stock will accumulate at a percentage of the \$25.00 liquidation preference equal to an annual floating rate of the Three-Month LIBOR Rate plus a spread of %. Dividends on the Series D Preferred Stock will accumulate daily and be cumulative from, and including, the date of original issue and will be payable quarterly in arrears on the 30th day of each March, June, September and December (each, as may be modified as provided below, a dividend payment date). If any dividend payment date is not a business day, as defined in the articles supplementary designating the Series D Preferred Stock, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day with the same force and effect as if paid on such dividend payment date, and no interest, additional dividends or sums in lieu of interest will be payable for the period from and after that dividend payment date to that next succeeding business day. The first dividend on the Series D Preferred Stock is scheduled to be paid on or about June 30, 2019 (long first dividend period), in the amount of \$ per share. Dividends payable on the Series D Preferred Stock for the Fixed Rate Period, including dividends payable for any partial Dividend Period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series D Preferred Stock for the Floating Rate Period, including dividends payable for any partial Dividend Period, will be computed based on the actual number of days in a Dividend Period and a 360-day year. Dividends will be payable to holders of record as they appear on our stock records at the close of business on the applicable record date, which will be no fewer than ten days and no more than 35 days prior to the applicable dividend payment date, as shall be fixed by the Board of Directors (each, a dividend record date). The dividends payable on any dividend payment date shall include dividends accumulated to, but not including, such dividend payment date.

For each Dividend Period during the Floating Rate Period, LIBOR (the London interbank offered rate) (Three-Month LIBOR Rate) will be determined by us, as of the applicable Dividend Determination Date (as defined below), in accordance with the following provisions:

LIBOR will be the rate (expressed as a percentage per year) for deposits in U.S. dollars having an index maturity of three months, in amounts of at least \$1,000,000, as such rate appears on Reuters Page LIBOR01 at approximately 11:00 a.m. (London time) on the relevant Dividend Determination Date; or

S-18

Table of Contents

if no such rate appears on Reuters Page LIBOR01 or if the Reuters Page LIBOR01 is not available at approximately 11:00 a.m. (London time) on the relevant Dividend Determination Date, then we will select four nationally-recognized banks in the London interbank market and request that the principal London offices of those four selected banks provide us with their offered quotation for deposits in U.S. dollars for a period of three months, commencing on the first day of the applicable Dividend Period, to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on that Dividend Determination Date for the applicable Dividend Period. Offered quotations must be based on a principal amount equal to an amount that, in our discretion, is representative of a single transaction in U.S. dollars in the London interbank market at that time. If at least two quotations are provided, the Three-Month LIBOR Rate for such Dividend Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of those quotations. If fewer than two quotations are provided, the Three-Month LIBOR Rate for such Dividend Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of the rates quoted at approximately 11:00 a.m. (New York City time) on that Dividend Determination Date for such Dividend Period by three nationally-recognized banks in New York, New York selected by us, for loans in U.S. dollars to nationally-recognized European banks (as selected by us), for a period of three months commencing on the first day of such Dividend Period. The rates quoted must be based on an amount that, in our discretion, is representative of a single transaction in U.S. dollars in that market at that time. If no quotation is provided as described above, then if a Calculation Agent (as defined below) has not been appointed at such time, we will appoint a Calculation Agent who shall, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate LIBOR or any of the foregoing lending rates, shall determine LIBOR for the second London Business Day immediately preceding the first day of such distribution period in its sole discretion. If the Calculation Agent is unable or unwilling to determine LIBOR as provided in the immediately preceding sentence, then LIBOR will be equal to Three-Month LIBOR for the then current Dividend Period, or, in the case of the first Dividend Period in the Floating Rate Period, the most recent dividend rate that would have been determined based on the last available Reuters Page LIBOR01 had the Floating Rate Period been applicable prior to the first Dividend Period in the Floating Rate Period.

Notwithstanding the foregoing, if we determine on the relevant Dividend Determination Date that the LIBOR base rate has been discontinued, then we will appoint a Calculation Agent and the Calculation Agent will consult with an investment bank of national standing to determine whether there is an industry accepted substitute or successor base rate to Three-Month LIBOR Rate. If, after such consultation, the Calculation Agent determines that there is an industry accepted substitute or successor base rate, the Calculation Agent shall use such substitute or successor base rate. In such case, the Calculation Agent in its sole discretion may (without implying a corresponding obligation to do so) also implement changes to the business day convention, the definition of business day, the Dividend Determination Date and any method for obtaining the substitute or successor base rate if such rate is unavailable on the relevant Business Day, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. Unless the Calculation Agent determines that there is an industry accepted substitute or successor base rate as so provided above, the Calculation Agent will, in consultation with us, follow the steps specified in the second bullet point in the immediately preceding paragraph in order to determine Three-Month LIBOR Rate for the applicable Dividend Period.

Calculation Agent shall mean a third party independent financial institution of national standing with experience providing such services, which has been selected by us.

Dividend Determination Date means the London Business Day (as defined below) immediately preceding the first date of the applicable Dividend Period.

Dividend Period means the period from, and including, a dividend payment date to, but excluding, the next succeeding dividend payment date, except for the initial Dividend Period, which will be the period from, and including, the original issue date of the Series D Preferred Stock to, but excluding, June 30, 2019.

S-19

Table of Contents

London Business Day means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Reuters Page LIBOR01 means the display so designated on the Reuters 3000 Xtra (or such other page as may replace the LIBOR01 page on that service, or such other service as may be nominated by the ICE Benchmark Administration Limited, or ICE, or its successor, or such other entity assuming the responsibility of ICE or its successor in the event ICE or its successor no longer does so, as the successor service, for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

No dividends on shares of Series D Preferred Stock may be authorized by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment thereof or provide that the authorization, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment is restricted or prohibited by law. You should review the information appearing above under Risk Factors We may not be able to pay dividends or other distributions on the Series D Preferred Stock for more information as to, among other things, other circumstances under which we may be unable to pay dividends on the Series D Preferred Stock.

Notwithstanding the foregoing, dividends on the Series D Preferred Stock will accumulate whether or not (i) the terms and provisions of any laws or agreements referred to in the preceding paragraph at any time prohibit the current payment of dividends, (ii) we have earnings, (iii) there are funds legally available for the payment of those dividends and (iv) those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series D Preferred Stock which may be in arrears, and holders of Series D Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series D Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future dividends on our common stock and preferred stock, including the Series D Preferred Stock offered pursuant to this prospectus supplement, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, applicable law, any debt service requirements and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on the Series D Preferred Stock or what the actual dividends will be for any future period.

Except as noted below, unless full cumulative dividends on the Series D Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past Dividend Periods, no dividends (other than in shares of our common stock or other Junior Stock we may issue) may be declared or paid or set apart for payment upon our common stock or other Junior Stock or our Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock or other Parity Stock we may issue and no other distribution may be declared or made upon our common stock or other Junior Stock or our Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock or other Parity Stock we may issue. In addition, our common stock and other Junior Stock or Parity Stock we may issue may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such securities) by us (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock we may issue or pursuant to an exchange offer made on the same terms to all holders of Series D Preferred Stock and all Parity Stock). The foregoing will not, however, prevent the redemption, purchase or acquisition by us of shares of any class or series of stock for the purpose of enforcing restrictions on transfer and ownership of our stock contained in our charter, or the redemption, purchase

or acquisition by us of shares of our common stock for purposes of and in compliance with any incentive or benefit plan of ours.

S-20

Table of Contents

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and any other Parity Stock we may issue, all dividends declared upon the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and such other Parity Stock must be declared pro rata so that the amount of dividends declared per share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and such other Parity Stock will in all cases bear to each other the same ratio that accumulated dividends per share on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and such Parity Stock (which will not include any accrual in respect of unpaid dividends for prior Dividend Periods if such other Parity Stock do not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, will be payable in respect of any dividend payment or payments on the Series D Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of Series D Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any Senior Stock, a liquidation preference of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the payment date, before any distribution of assets is made to holders of common stock or other Junior Stock we may issue; and the holders of Series D Preferred Stock will not be entitled to any further payment.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and any other Parity Stock we may issue, then the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and such other Parity Stock will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled. As of the date of this prospectus supplement, we have outstanding 5,800,000 shares of Series A Preferred Stock, 13,000,000 shares of Series B Preferred Stock and 10,400,000 shares of Series C Preferred Stock.

Notice of any such liquidation stating the payment date or dates when, and the place or places where, the amounts distributable in each circumstance shall be payable, will be given no fewer than 30 days and no more than 60 days prior to the payment date, to each holder of record of Series D Preferred Stock at the address of such holder as it appears on our stock records. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series D Preferred Stock will have no right or claim to any of our remaining assets. The consolidation, conversion or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, the sale, lease, transfer or conveyance of all or substantially all of our property or business or a statutory share exchange, will not be deemed to constitute a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption and contingent conversion rights described below).

In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of stock or otherwise, is permitted under Maryland law with respect to any share of any class or series of our stock, amounts that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series D Preferred Stock will not be added to our total liabilities.

Redemption

The Series D Preferred Stock is not redeemable by us prior to March 30, 2024, except under circumstances where it is necessary to preserve our qualification as a REIT for U.S. federal income tax purposes (please see

S-21

Table of Contents

Restrictions on Transfer and Ownership below and Restrictions on Ownership and Transfer in the accompanying prospectus) and except as described below under Special Optional Redemption upon the occurrence of a Change of Control (as defined herein).

Optional Redemption. On and after March 30, 2024, we may, at our option, upon not less than 30 nor more than 60 days notice, redeem the Series D Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days notice, redeem the Series D Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date. If, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series D Preferred Stock (whether pursuant to our optional redemption right described above under Optional Redemption or this special optional redemption right), the holders of Series D Preferred Stock will not have the Change of Control Conversion Right (as defined below) described below under Conversion Rights with respect to the shares called for redemption.

A Change of Control is deemed to occur when, after the original issuance of the Series D Preferred Stock, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our stock entitling that person to exercise more than 50% of the total voting power of all our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American LLC or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American LLC or the Nasdaq Stock Market.

Redemption Procedures. In the event we elect to redeem Series D Preferred Stock pursuant to our optional redemption right or our special optional redemption right, the notice of redemption will be given to each holder of record of Series D Preferred Stock called for redemption at such holder's address as it appears on our stock records and will state the following:

the redemption date;

the number of shares of Series D Preferred Stock to be redeemed;

the redemption price;

the place or places where certificates (if any) for the Series D Preferred Stock are to be surrendered for payment of the redemption price;

that dividends on the shares to be redeemed will cease to accumulate on the redemption date;

if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and

S-22

Table of Contents

if such redemption is being made in connection with a Change of Control, that the holders of the shares of Series D Preferred Stock being so called for redemption will not be able to tender such shares of Series D Preferred Stock for conversion in connection with the Change of Control and that each share of Series D Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of the Series D Preferred Stock held by any holder is to be redeemed, the notice given to such holder shall also specify the number of shares of Series D Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the redemption of any shares of Series D Preferred Stock, except as to the holder to whom notice was defective or not given.

Holders of shares of Series D Preferred Stock to be redeemed must surrender such shares at the place designated in the notice of redemption and will be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender. If notice of redemption of any shares of Series D Preferred Stock has been given and if we have irrevocably set apart for payment the funds necessary for redemption (including any accumulated and unpaid dividends) in trust for the benefit of the holders of the shares of Series D Preferred Stock so called for redemption, then from and after the redemption date (unless we default in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of Series D Preferred Stock, those shares of Series D Preferred Stock will no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day. If less than all of the outstanding shares of Series D Preferred Stock are to be redeemed, the shares of Series D Preferred Stock to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional shares) or by lot. If such redemption is to be by lot and if, as a result of such redemption, any holder of Series D Preferred Stock would own, or be deemed by virtue of certain attribution provisions of the Code to own, in excess of 9.8% in value or in number of shares (whichever is more restrictive) of any class or series of our stock (including the Series D Preferred Stock), or violate any other restriction or limitation of our stock set forth in our charter, then, except as otherwise permitted in our charter, we will redeem the requisite number of shares of Series D Preferred Stock of that holder such that the holder will not own or be deemed by virtue of certain attribution provisions of the Code to own, subsequent to the redemption, in excess of 9.8% in value or in number of shares (whichever is more restrictive) of any class or series of our stock or violate any other restriction or limitation of our stock set forth in our charter. See Restrictions on Transfer and Ownership in this prospectus supplement and in accompanying prospectus under the heading Restrictions on Ownership and Transfer.

Immediately prior to any redemption of Series D Preferred Stock, we will pay, in cash, any accumulated and unpaid dividends to, but excluding, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series D Preferred Stock at the close of business on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series D Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of Series D Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past Dividend Periods, no shares of Series D Preferred Stock may be redeemed unless all

outstanding shares of Series D Preferred Stock are simultaneously redeemed, and we may not purchase

S-23

Table of Contents

or otherwise acquire directly or indirectly any shares of Series D Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock we may issue or pursuant to a purchase or exchange offer made on the same terms to all holders of Series D Preferred Stock and all Parity Stock); provided, however, that the foregoing will not prevent the redemption, purchase or acquisition by us of shares of Series D Preferred Stock for the purpose of enforcing restrictions on ownership and transfer of our stock contained in our charter.

Subject to applicable law, we may purchase shares of Series D Preferred Stock in the open market, by tender or by privately negotiated transactions. Any shares of Series D Preferred Stock that we acquire, by redemption or otherwise, shall be reclassified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be issued as any class or series of preferred stock.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series D Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series D Preferred Stock held by such holder as described above under Redemption, in which case such holder will have the right only with respect to shares of Series D Preferred Stock that are not called for redemption) to convert some or all of the shares of the Series D Preferred Stock held by such holder (the Change of Control Conversion Right) on the Change of Control Conversion Date into a number of shares of our common stock per share of Series D Preferred Stock (the Common Stock Conversion Consideration) equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per share of Series D Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series D Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends to be paid on such dividend payment date will be included in this sum) by (ii) the Common Stock Price, as defined below (such quotient, the Conversion Rate); and

, or the Share Cap, subject to certain adjustments as described below.

Notwithstanding anything in the articles supplementary designating the Series D Preferred Stock to the contrary and except as otherwise required by law, the persons who are the holders of record of shares of Series D Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of Series D Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a Share Split) with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of

shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration, as applicable) issuable or deliverable,

S-24

Table of Contents

as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of the Series D Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the Exchange Cap). The Exchange Cap is subject to pro rata adjustments for any share splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the Alternative Form Consideration), a holder of Series D Preferred Stock will receive upon conversion of such shares of the Series D Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the Alternative Conversion Consideration). The Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the Conversion Consideration.

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of the Series D Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not then exercised our right to redeem all shares of Series D Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of Series D Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice shall be delivered to the holders of record of the shares of Series D Preferred Stock to their addresses as they appear on our stock records. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the conversion of any shares of Series D Preferred Stock except as to the holder to whom notice was defective or not given. This notice will state the following:

the events constituting the Change of Control;

the date of the Change of Control;

the last date on which the holders of Series D Preferred Stock may exercise their Change of Control Conversion Right;

the method and period for calculating the Common Stock Price;

the Change of Control Conversion Date;

that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of Series D Preferred Stock, holders of Series D Preferred Stock that are subject to such notice of redemption will not be able to convert the shares of Series D Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;

S-25

Table of Contents

if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series D Preferred Stock;

the name and address of the paying agent, transfer agent and conversion agent for the Series D Preferred Stock;

the procedures that the holders of Series D Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares of Series D Preferred Stock for conversion through the facilities of a Depository (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and

the last date on which holders of Series D Preferred Stock may withdraw shares of Series D Preferred Stock surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we also will issue a press release containing such notice for publication on the Wall Street Journal, Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website (if any), in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series D Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of Series D Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of Series D Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Series D Preferred Stock held in book-entry form through a Depository or shares directly registered with the transfer agent, therefor, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Series D Preferred Stock to be converted through the facilities of such Depository or through such transfer agent, respectively), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

the relevant Change of Control Conversion Date;

the number of shares of Series D Preferred Stock to be converted; and

that the shares of the Series D Preferred Stock are to be converted pursuant to the applicable provisions of the articles supplementary designating the Series D Preferred Stock.

The **Change of Control Conversion Date** is the date the Series D Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of Series D Preferred Stock.

The **Common Stock Price** is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the

consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) if our common stock is not then listed for trading on a U.S. securities exchange, the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by OTC Markets Group or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred.

S-26

Table of Contents

Holders of Series D Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

the number of withdrawn shares of Series D Preferred Stock;

if certificated shares of Series D Preferred Stock have been surrendered for conversion, the certificate numbers of the withdrawn shares of Series D Preferred Stock; and

the number of shares of Series D Preferred Stock, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any shares of Series D Preferred Stock are held in book-entry form through The Depository Trust Company ("DTC") or a similar depository (each, a "Depository"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depository.

Shares of Series D Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of Series D Preferred Stock, as described above under "Redemption," in which case only the shares of Series D Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of Series D Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series D Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under "Redemption Optional Redemption" or "Redemption Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable federal and state securities laws and stock exchange rules in connection with any conversion of shares of the Series D Preferred Stock into shares of our common stock or other property. Notwithstanding any other provision of the Series D Preferred Stock, no holder of Series D Preferred Stock will be entitled to convert such shares of the Series D Preferred Stock into shares of our common stock to the extent that receipt of such shares of common stock would cause such holder (or any other person) to violate the applicable restrictions on transfer and ownership of our stock contained in our charter, unless we provide an exemption from this limitation to such holder. Please see the sections entitled "Restrictions on Transfer and Ownership" below and "Restrictions on Ownership and Transfer" in the accompanying prospectus.

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us. See Risk Factors You may not be able to exercise conversion rights upon a Change of Control. If exercisable, the change of control conversion rights described in this prospectus supplement may not adequately compensate you. These change of control conversion rights may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, the Series D Preferred Stock is not convertible into or exchangeable for any other securities or property.

S-27

Table of Contents**Voting Rights**

Holders of Series D Preferred Stock will not have any voting rights, except as set forth below.

Whenever dividends on any shares of Series D Preferred Stock are in arrears for six or more full quarterly Dividend Periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any other class or series of preferred stock we may issue and upon which like voting rights have been conferred and are exercisable, including the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock) and the holders of Series D Preferred Stock, voting as a single class with holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and all other classes or series of preferred stock we may issue and upon which like voting rights have been conferred and are exercisable to be held no later than 90 days after our receipt of such request (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of our stockholders, in which case, such vote will be held at the earlier of the next annual or special meeting of the stockholders to the extent permitted by applicable law), and at each subsequent annual meeting until all dividends accumulated on the Series D Preferred Stock for all past Dividend Periods and the then current Dividend Period will have been fully paid. In that case, the right of holders of Series D Preferred Stock to elect any directors will cease and, unless there are other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable, the term of office of any directors elected by holders of Series D Preferred Stock will immediately terminate and the number of directors constituting the board of directors will be reduced accordingly. For the avoidance of doubt, in no event will the total number of directors elected by holders of Series D Preferred Stock (voting together as a single class with the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock and all other classes or series of preferred stock we may issue and upon which like voting rights have been conferred and are exercisable) pursuant to these voting rights exceed two. The directors elected by the holders of the Series D Preferred Stock and the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and all other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable will be elected by a plurality of the votes cast by the holders of the outstanding shares of Series D Preferred Stock when they have the voting rights described in this paragraph, the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and any other classes or series of preferred stock we may issue and upon which like voting rights have been conferred and are exercisable (voting together as a single class) to serve until our next annual meeting of stockholders and until their successors are duly elected and qualified or until such directors' right to hold the office terminates as described above, whichever occurs earlier.

On each matter on which holders of Series D Preferred Stock are entitled to vote, each share of Series D Preferred Stock will be entitled to one vote, except that when shares of any other class or series of preferred stock we may issue, including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock, have the right to vote with the Series D Preferred Stock as a single class on any matter, the Series D Preferred Stock, the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock and each such other class or series of stock will have one vote for each \$25.00 of liquidation preference (excluding accumulated dividends). If, at any time when the voting rights conferred upon the Series D Preferred Stock are exercisable, any vacancy in the office of a director elected by the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and any other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable will occur, then such vacancy may be filled only by the remaining such director or by vote of the holders of the outstanding Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock

and any other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable.

S-28

Table of Contents

Any director elected by holders of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and any class or series of preferred stock we may issue upon which like voting rights have been conferred and are exercisable may be removed at any time, with or without cause, by the vote of, and may not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and any class or series of preferred stock we may issue when they have the voting rights described above (voting as a single class with all other classes or series of preferred stock we may issue upon which like voting rights have been conferred and are exercisable).

So long as any shares of Series D Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of Series D Preferred Stock outstanding at the time, voting together as a single class with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and all other classes or series of Parity Stock we may issue and upon which like voting rights have been conferred and are exercisable, (i) authorize, create, or increase the authorized or issued amount of, any class or series of Senior Stock or reclassify any of our authorized stock into such shares, or create or authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares or (ii) amend, alter or repeal the provisions of our charter, whether by merger, conversion, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series D Preferred Stock (each, an Event); provided, however, with respect to the occurrence of any Event set forth in clause (ii) above, so long as the Series D Preferred Stock remains outstanding with the terms thereof materially unchanged or the holders of Series D Preferred Stock receive shares of stock or other equity interests with rights, preferences, privileges and voting powers substantially the same as those of the Series D Preferred Stock, taking into account that upon the occurrence of an Event we may not be the successor entity, the occurrence of any such Event will not be deemed to materially and adversely affect the rights, preferences, privileges or voting power of holders of Series D Preferred Stock; and, provided further, that any increase in the amount of the authorized or issued Series D Preferred Stock or the creation or issuance, or any increase in the amounts authorized of any Parity Stock or Junior Stock will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of holders of Series D Preferred Stock. Notwithstanding the foregoing, if any amendment, alteration or repeal of any provision of our charter would materially and adversely affect the rights, preferences, privileges or voting rights of the Series D Preferred Stock disproportionately relative to other classes or series of Parity Stock, then the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock (voting as a separate class) shall also be required.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series D Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been irrevocably set apart to effect such redemption.

Except as expressly stated in the articles supplementary designating the Series D Preferred Stock, the Series D Preferred Stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof will not be required for the taking of any corporate action. The holders of Series D Preferred Stock will have exclusive voting rights on any amendment to our charter that would alter the contract rights, as expressly set forth in the charter, of only the Series D Preferred Stock.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series D Preferred Stock are outstanding, we will use our best efforts to (i) transmit through our website at <http://www.chimerareit.com> (or other permissible means under the Exchange Act) copies of the Annual Reports on

Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required). We will use our best efforts to provide such reports on our website within 15 days after the

S-29

Table of Contents

respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act and we were a non-accelerated filer within the meaning of the Exchange Act.

Restrictions on Transfer and Ownership

In order to ensure that we remain qualified as a REIT for U.S. federal income tax purposes, among other purposes, our charter, including the articles supplementary setting forth the terms of the Series D Preferred Stock, provides that generally no person, other than certain excepted holders, may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock. These provisions may restrict the ability of a holder of Series D Preferred Stock to convert such stock into our common stock as described above under Conversion Rights. Our board of directors may, in its sole discretion, exempt a person from the 9.8% ownership limit under certain circumstances as described under Restrictions on Ownership and Transfer in the accompanying prospectus.

Preemptive Rights

No holders of Series D Preferred Stock will, as holders of Series D Preferred Stock, have any preemptive rights to purchase or subscribe for our common stock or any of our other securities.

Book-Entry Procedures

DTC will act as securities depository for the Series D Preferred Stock, which will only be issued in the form of global securities held in book-entry form. We will not issue certificates to you for the shares of Series D Preferred Stock that you purchase, unless DTC's services are discontinued as described below.

Title to book-entry interests in the Series D Preferred Stock will pass by book-entry registration of the transfer within the records of DTC in accordance with its procedures. Book-entry interests in the securities may be transferred within DTC in accordance with procedures established for these purposes by DTC. Each person owning a beneficial interest in shares of the Series D Preferred Stock must rely on the procedures of DTC and the participant through which such person owns its interest to exercise its rights as a holder of the Series D Preferred Stock.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants (Direct Participants) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, including the underwriters, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC.

When you purchase shares of Series D Preferred Stock within the DTC system, the purchase must be by or through a Direct Participant. The Direct Participant will receive a credit for the Series D Preferred Stock on DTC's records. You will be considered to be the beneficial owner of the Series D Preferred Stock. Your beneficial ownership interest will be recorded on the Direct and Indirect Participants' records, but DTC will have no knowledge of your individual ownership. DTC's records reflect only the identity of the Direct Participants to whose accounts shares of Series D

Preferred Stock are credited.

S-30

Table of Contents

You will not receive written confirmation from DTC of your purchase. The Direct or Indirect Participants through whom you purchased the Series D Preferred Stock should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The Direct and Indirect Participants are responsible for keeping an accurate account of the holdings of their customers like you.

Transfers of ownership interests held through Direct and Indirect Participants will be accomplished by entries on the books of Direct and Indirect Participants acting on behalf of the beneficial owners.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

We understand that, under DTC's existing practices, in the event that we request any action of the holders, or an owner of a beneficial interest in a global security, such as you, desires to take any action which a holder is entitled to take under our charter (including the articles supplementary designating the Series D Preferred Stock), DTC would authorize the Direct Participants holding the relevant shares to take such action, and those Direct Participants and any Indirect Participants would authorize beneficial owners owning through those Direct and Indirect Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Any redemption notices with respect to the Series D Preferred Stock will be sent to Cede & Co. If less than all of the outstanding shares of Series D Preferred Stock are being redeemed, DTC will reduce each Direct Participant's holdings of shares of Series D Preferred Stock in accordance with its procedures.

In those instances where a vote is required, neither DTC nor Cede & Co. itself will consent or vote with respect to the shares of Series D Preferred Stock. Under its usual procedures, DTC would mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants whose accounts the shares of Series D Preferred Stock are credited to on the record date, which are identified in a listing attached to the omnibus proxy.

Dividends on the Series D Preferred Stock will be made directly to DTC's nominee (or its successor, if applicable). DTC's practice is to credit participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on that payment date.

Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name. These payments will be the responsibility of the participant and not of DTC, us or any agent of ours.

DTC may discontinue providing its services as securities depository with respect to the Series D Preferred Stock at any time by giving reasonable notice to us. Additionally, we may decide to discontinue the book-entry only system of transfers with respect to the Series D Preferred Stock. In that event, we will print and deliver certificates in fully registered form for the Series D Preferred Stock. If DTC notifies us that it is unwilling to continue as securities depository, or it is unable to continue or ceases to be a clearing agency registered under the Exchange Act and a successor depository is not appointed by us within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, we will issue the Series D Preferred Stock in definitive form, at our expense, upon registration of transfer of, or in exchange for, such global security.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

S-31

Table of Contents

Global Clearance and Settlement Procedures

Initial settlement for the Series D Preferred Stock will be made in immediately available funds. Secondary market trading among DTC's Participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

S-32

Table of Contents**UNDERWRITING**

Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, UBS Securities LLC, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Keefe, Bruyette & Woods, Inc. are acting as joint book-running managers of the offering and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares of Series D Preferred Stock set forth opposite that underwriter's name.

Underwriters	Number of Shares
Morgan Stanley & Co. LLC	
RBC Capital Markets, LLC	
UBS Securities LLC	
Wells Fargo Securities, LLC	
J.P. Morgan Securities LLC	
Keefe, Bruyette & Woods, Inc.	

Total

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

The underwriters initially propose to offer the shares of Series D Preferred Stock directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at a price that represents a concession not in excess of \$ per share below the public offering price. Any underwriters may allow, and such dealers may re-allow, a concession not in excess of \$ per share to other underwriters or to certain dealers. If the shares are not sold at the initial price to the public, the underwriters may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to additional shares at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We have agreed that, for a period of 30 days from the date of this prospectus supplement, we will not, without the prior written consent of Morgan Stanley & Co. LLC, dispose of or hedge any shares of Series D Preferred Stock or other preferred stock or any securities convertible into or exchangeable for shares of Series D Preferred Stock or other preferred stock.

The Series D Preferred Stock has not been rated. No current market exists for the Series D Preferred Stock. We intend to apply to list the Series D Preferred Stock on the NYSE under the symbol CIM PRD . If the application is approved,

trading of the Series D Preferred Stock on the NYSE is expected to begin within 30 days after the date of initial issuance of the Series D Preferred Stock. Certain of the underwriters have advised us that they intend to make a market in the Series D Preferred Stock prior to the commencement of any trading on the NYSE, but they are not obligated to do so and may discontinue market making at any time without notice. We cannot assure you that a market for the Series D Preferred Stock will develop prior to the commencement of trading on the NYSE or, if developed, will be maintained or will provide you with adequate liquidity.

S-33

Table of Contents

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

	Per Share	Total Without Over-Allotment	With Over-Allotment
Underwriting discount paid by us	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

We estimate that our total expenses incurred in connection with this offering, excluding the underwriting discounts, will be approximately \$300,000.

In connection with the offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the over-allotment option, and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering.

Covered short sales are sales of shares in an amount up to the number of shares represented by the underwriters' over-allotment option.

Naked short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters' over-allotment option.

Covering transactions involve purchases of shares either pursuant to the over-allotment option or in the open market after the distribution has been completed in order to cover short positions.

To close a naked short position, the underwriters must purchase shares in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

To close a covered short position, the underwriters must purchase shares in the open market after the distribution has been completed or must exercise the over-allotment option. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.

Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Certain underwriters or their affiliates have performed, and in the future may perform, commercial banking, investment banking and advisory services for us in the ordinary course of their business for which they have received, and in the future are expected to receive, customary fees. Some of the underwriters or their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Table of Contents

We expect that delivery of the shares of our Series D Preferred Stock will be made to investors on or about the fifth business day following the date of the final prospectus supplement (this settlement cycle being referred to as T+5). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if you wish to trade shares of our Series D Preferred Stock before their delivery, you will be required, because the shares initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. If you wish to trade shares of our Series D Preferred Stock before their delivery, you should consult your advisors.

S-35

Table of Contents

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Hunton Andrews Kurth LLP and, with respect to certain matters of Maryland law, Venable LLP. Certain legal matters will be passed upon for the underwriters by Ropes & Gray LLP.

EXPERTS

The consolidated financial statements of Chimera Investment Corporation appearing in Chimera Investment Corporation's Annual Report (Form 10-K) for the year ended December 31, 2017, and the effectiveness of Chimera Investment Corporation's internal control over financial reporting as of December 31, 2017, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein, and incorporated herein by reference. Such financial statements are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of Ernst & Young LLP pertaining to such financial statements and the effectiveness of our internal control over financial reporting as of the respective dates (to the extent covered by consents filed with the Securities and Exchange Commission) given on the authority of such firm as experts in accounting and auditing.

S-36

Table of Contents

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating by reference certain information that we file with the SEC, which means that we are disclosing important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and the information that we subsequently file with the SEC will automatically update and supersede information in this prospectus supplement and the accompanying prospectus and in our other filings with the SEC. We have filed the documents listed below with the SEC (File No. 001-33796) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and these documents are incorporated herein by reference. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed below or filed in the future, that are not deemed filed with the SEC, including without limitation any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K.

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed on February 20, 2018;

Our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2018, filed on May 3, 2018, for the quarter ended June 30, 2018, filed on August 2, 2018 and for the quarter ended September 30, 2018, filed on November 1, 2018;

The information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2017 from our Definitive Proxy Statement on Schedule 14A filed on April 19, 2018;

Our Current Reports on Form 8-K, filed on March 6, 2018, June 4, 2018, September 19, 2018 and December 21, 2018;

The description of our common stock, par value \$0.01 per share, included in our Registration Statement on Form 8-A, filed on November 5, 2007;

The description of our Series A Preferred Stock, included in our Registration Statement on Form 8-A, filed on October 12, 2016;

The description of our Series B Preferred Stock, included in our Registration Statement on Form 8-A, filed on February 24, 2017; and

The description of our Series C Preferred Stock, included in our Registration Statement on Form 8-A, filed on September 18, 2018.

All documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and before the termination of the offering of the securities to which this prospectus supplement relates (other than information in such documents that is not deemed to be filed) shall be deemed to be

incorporated by reference into this prospectus supplement and the accompanying prospectus and to be part hereof from the date of filing of those documents.

Any statement contained in a document that is incorporated by reference in this prospectus supplement and the accompanying prospectus is automatically updated and superseded to the extent that a statement contained in this prospectus supplement and the accompanying prospectus or in any other document that we file with the SEC, and which is also incorporated by reference in this prospectus supplement and the accompanying prospectus, modifies or replaces that statement.

S-37

Table of Contents

We will provide to each person, including any beneficial owner, to whom a copy of this prospectus supplement and the accompanying prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in this prospectus supplement and the accompanying prospectus but not delivered with this prospectus supplement and the accompanying prospectus (other than the exhibits to such documents unless those exhibits are specifically incorporated by reference into those documents); we will provide this information at no cost to the requester upon written or oral request to Investor Relations, Chimera Investment Corporation, 520 Madison Ave., 32nd Floor, New York, New York 10022, telephone number (888) 895-6557.

S-38

Table of Contents

PROSPECTUS

Common Stock, Preferred Stock, Warrants and Debt Securities

By this prospectus, we may offer, from time to time:

shares of our common stock;

shares of our preferred stock;

warrants to purchase shares of our common stock, shares of our preferred stock or debt securities; and

debt securities, which may consist of debentures, notes, or other types of debt.

The securities covered by this registration statement may be sold or otherwise distributed separately, together or as units with other securities covered by this registration statement. We will provide specific terms of each issuance of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you decide to invest.

This prospectus may not be used to consummate sales of these securities unless it is accompanied by a prospectus supplement.

The New York Stock Exchange lists our common stock, par value \$0.01 per share, under the symbol **CIM**, our 8.00% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, under the symbol **CIM PrA**, our 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, under the symbol **CIM PrB** and our 7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, under the symbol **CIM PrC**.

To assist us in qualifying as a real estate investment trust, or REIT, for U.S. federal income tax purposes, our Charter provides that no person may own more than 9.8%, in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, excluding any shares of capital stock not treated as outstanding for federal income tax purposes, unless our board of directors waives this limitation.

Investing in these securities involves risks. You should carefully consider the information referred to under the heading Risk Factors beginning on page 3 of this prospectus.

We may sell these securities to or through underwriters, dealers or agents, or we may sell the securities directly to investors on our own behalf.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is January 14, 2019.

Table of Contents

TABLE OF CONTENTS

<u>ABOUT THIS PROSPECTUS</u>	ii
<u>A WARNING ABOUT FORWARD-LOOKING STATEMENTS</u>	iii
<u>ABOUT CHIMERA INVESTMENT CORPORATION</u>	1
<u>RISK FACTORS</u>	3
<u>USE OF PROCEEDS</u>	4
<u>DESCRIPTION OF EQUITY SECURITIES</u>	5
<u>DESCRIPTION OF WARRANTS</u>	8
<u>DESCRIPTION OF DEBT SECURITIES</u>	9
<u>RESTRICTIONS ON OWNERSHIP AND TRANSFER</u>	24
<u>CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS</u>	26
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	31
<u>PLAN OF DISTRIBUTION</u>	57
<u>EXPERTS</u>	59
<u>LEGAL MATTERS</u>	59
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	60
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	61

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (or the SEC or Commission) using a shelf registration process. Under this shelf registration process, we may offer and sell the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we offer to sell securities, we will provide a supplement to this prospectus that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. It is important for you to consider the information contained in this prospectus and any prospectus supplement together with additional information described under the heading **Where You Can Find More Information**.

You should rely only on the information contained in or incorporated by reference into or set forth in this prospectus or the applicable prospectus supplement. We have not authorized any other person to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus, the applicable prospectus supplement or any other offering material is accurate as of any date other than the dates on the front of those documents. Our business, financial condition, results of operations and prospects may have changed since such dates.

Table of Contents

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus, any prospectus supplement and any other offering material, and the information incorporated by reference into this prospectus, any prospectus supplement and/or any other offering material, and certain statements contained in our future filings with the SEC, in our press releases or in our other public or stockholder communications may not be based on historical facts and are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (or the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (or the Exchange Act). Forward-looking statements, which are based on various assumptions (some of which are beyond our control), may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as may, will, believe, expect, anticipate, continue, intend, estimate, plan, or similar terms, variations on those terms or the negative of those terms. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to:

our business and investment strategy;

availability of investment opportunities in real estate-related and other securities;

our expected investments;

changes in the value of our investments;

changes in interest rates and mortgage prepayment rates;

prepayments of the mortgage and other loans underlying our residential mortgage-backed securities, or RMBS, or other asset-backed securities, or ABS;

rates of default, delinquencies or decreased recovery rates on our investments;

general volatility of the securities markets in which we invest;

our ability to maintain existing financing arrangements and our ability to obtain future financing arrangements;

our ability to effect our strategy to securitize residential mortgage loans;

interest rate mismatches between our investments and our borrowings used to finance such purchases;

effects of interest rate caps on our adjustable-rate investments;

the degree to which our hedging strategies may or may not protect us from interest rate volatility;

the impact of and changes to various government programs;

impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters;

market trends in our industry, interest rates, the debt securities markets or the general economy;

estimates relating to our ability to make distributions to our stockholders in the future;

our understanding of our competition;

availability of qualified personnel;

our ability to maintain our classification as a REIT for U.S. federal income tax purposes;

our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or 1940 Act;

our expectations regarding materiality or significance; and

the effectiveness of our disclosure controls and procedures.

Table of Contents

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described under the caption "About Chimera Investment Corporation" in this prospectus and under the caption "Risk Factors" in our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference into the prospectus. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

ABOUT CHIMERA INVESTMENT CORPORATION

General

We are a publicly traded REIT that commenced operations on November 21, 2007. We are primarily engaged in the business of investing directly or indirectly through our subsidiaries, on a leveraged basis, in a diversified portfolio of mortgage assets, including residential mortgage loans, Non-Agency RMBS, Agency commercial mortgage-backed securities, Agency RMBS, and other real estate related securities. Our principal business objective is to deliver shareholder value through the generation of distributable income and through asset performance linked to residential mortgage credit fundamentals.

We focus our investment activities primarily on acquiring residential mortgage loans and on acquiring Non-Agency and Agency residential and commercial mortgage-backed securities, or MBS. At September 30, 2018, based on the amortized cost balance of our interest earning assets, approximately 52% of our investment portfolio was residential mortgage loans, 41% of our investment portfolio was Agency MBS and 7% of our investment portfolio was Non-Agency RMBS, respectively. At December 31, 2017, based on the amortized cost balance of our interest earning assets, approximately 67% of our investment portfolio was residential mortgage loans, 22% of our investment portfolio was Agency MBS and 11% of our investment portfolio was Non-Agency RMBS, respectively.

Our investment strategy is intended to take advantage of opportunities in the current interest rate and credit environment. We expect to adjust our strategy to changing market conditions by shifting our asset allocations across these various asset classes as interest rate and credit cycles change over time. We believe that our strategy will enable us to pay dividends and preserve capital throughout changing market cycles. We expect to take a long-term view of assets and liabilities, and our reported earnings and estimates of the fair value of our investments at the end of a financial reporting period will not significantly impact our objective of providing attractive risk-adjusted returns to our stockholders over the long-term.

We use leverage to increase returns and to finance the acquisition of our assets. We are not required to maintain any specific debt-to-equity ratio as we believe the appropriate leverage for the particular assets we are financing depends on the credit quality and risk of those assets. Subject to maintaining our REIT qualification, we may use a number of sources to finance our investments, including repurchase agreements, warehouse facilities, securitizations and resecuritizations. Subject to maintaining our REIT qualification, we may manage our debt and interest rate risk by utilizing interest rate hedges, such as interest rate swaps, caps, options and futures to reduce the effect of interest rate fluctuations related to our financing sources.

Under the U.S. credit risk retention rules that became effective on December 24, 2015, for transactions which we sponsor we have committed to consolidate the loans and retain a meaningful investment for at least five years. Our credit investments are generally structurally locked out from pre-payments resulting in a high yielding longer duration credit portfolio.

To assist us in qualifying as a REIT for U.S. federal income tax purposes, no person may own more than 9.8%, in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, excluding any shares of capital stock not treated as outstanding for federal income tax purposes, unless our board of directors waives this limitation.

Stock Listing

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The New York Stock Exchange lists our common stock under the symbol `CIM` , our 8.00% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (`Series A Preferred Stock`), under the symbol `CIM PrA` , our 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (`Series B Preferred Stock`), under the symbol `CIM PrB` and our 7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (`Series C Preferred Stock`), under the symbol `CIM PrC` .

Table of Contents

Principal Executive Offices and Telephone Number

Our principal executive offices are located at 520 Madison Ave, 32nd Floor, New York, New York 10022. Our telephone number is (212) 626-2300.

Internet Address

Our internet address is www.chimerareit.com. The contents of our internet website are not a part of, and are not incorporated by reference into, this prospectus or any accompanying prospectus supplement.

Table of Contents

RISK FACTORS

Investing in our securities involves risks. You should carefully consider the risks described under **Risk Factors** in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q (which descriptions are incorporated by reference herein), as well as the other information contained or incorporated by reference into this prospectus or in any prospectus supplement hereto before making a decision to invest in our securities. See **Where You Can Find More Information** below.

Table of Contents

USE OF PROCEEDS

Unless otherwise indicated in an accompanying prospectus supplement, we intend to use the net proceeds from the sale of the securities offered by this prospectus and the related accompanying prospectus supplement to finance the acquisition of mortgage assets including residential mortgage loans, non-Agency RMBS, Agency RMBS, Agency and non-Agency CMBS and other targeted assets, and for other general corporate purposes such as repayment of outstanding indebtedness or to pay down other liabilities, working capital, and for liquidity needs. Pending any such uses, we may invest the net proceeds from the sale of any securities in interest-bearing short-term investments, including money market accounts that are consistent with our intention to maintain our qualification as a REIT, or we may use them to reduce short-term indebtedness.

Table of Contents

DESCRIPTION OF EQUITY SECURITIES

General

Our charter provides that we may issue 400,000,000 shares of stock, consisting of 300,000,000 shares of common stock, par value of \$0.01 per share, and 100,000,000 shares of preferred stock, par value of \$0.01 per share. Of the preferred stock, 6,210,000 shares have been further classified as Series A Preferred Stock, 13,800,000 shares have been further classified as Series B Preferred Stock and 11,500,000 shares have been further classified as Series C Preferred Stock. As of December 31, 2018, 187,052,398 shares of common stock, 5,800,000 shares of Series A Preferred Stock, 13,000,000 shares of Series B Preferred Stock and 10,400,000 shares of Series C Preferred Stock were issued and outstanding. Our board of directors, with the approval of a majority of the entire board and without any action on the part of our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Under Maryland law, our stockholders generally are not personally liable for our debts and obligations solely as a result of their status as stockholders.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, dividends and voting and, when they are issued, will be duly authorized, validly issued, fully paid and non-assessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of assets legally available therefor. Shares of our common stock have no preemptive, appraisal, preferential exchange, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws, by contract or by the restrictions in our charter. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after payment of or adequate provision for all of our known debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Subject to our charter restrictions on the transfer and ownership of our stock and except as may otherwise be specified in the terms of any class or series of common stock, each share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

Preferred Stock

The following description sets forth general terms and provisions of the preferred stock to which any prospectus supplement may relate. The statements below describing the preferred stock are in all respects subject to and qualified in their entirety by reference to our charter, as amended, by-laws, as amended, and any articles supplementary to our charter, as amended, designating terms of a series of preferred stock. The preferred stock, when issued, will be validly issued, fully paid, and non-assessable. Because our board of directors has the power to establish the preferences, powers and rights of each series of preferred stock, our board of directors may afford the holders of any series of preferred stock preferences, powers and rights, voting or otherwise, senior to the rights of common stockholders.

The rights, preferences, privileges and restrictions of each series of preferred stock will be fixed by the articles supplementary relating to the series. A prospectus supplement, relating to each series, will specify the terms of the preferred stock, as follows:

the title and stated value of the preferred stock;

the voting rights of the preferred stock, if applicable;

Table of Contents

the preemptive rights of the preferred stock, if applicable;

the restrictions on alienability of the preferred stock, if applicable;

the number of shares offered, the liquidation preference per share and the offering price of the shares;

liability to further calls or assessment of the preferred stock, if applicable;

the dividend rate(s), period(s) and payment date(s) or method(s) of calculation applicable to the preferred stock (including fixed and floating rates, as applicable);

the date from which dividends on the preferred stock will accumulate, if applicable;

the procedures for any auction and remarketing for the preferred stock;

the provision for a sinking fund, if any, for the preferred stock;

the provision for and any restriction on redemption, if applicable, of the preferred stock;

the provision for and any restriction on repurchase, if applicable, of the preferred stock;

any listing of the preferred stock on any securities exchange;

the terms and provisions, if any, upon which the preferred stock will be convertible into common stock, including the conversion price (or manner of calculation) and conversion period;

the terms under which the rights of the preferred stock may be modified, if applicable;

any other specific terms, preferences, rights, limitations or restrictions of the preferred stock;

a discussion of material U.S. federal income tax considerations applicable to the preferred stock;

the relative ranking and preferences of the preferred stock as to dividend rights and rights upon the liquidation, dissolution or winding-up of our affairs;

any limitation on issuance of any series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend rights and rights upon the liquidation, dissolution or winding-up of our affairs; and

any limitations on direct or beneficial ownership and restrictions on transfer of the preferred stock, in each case as may be appropriate to preserve our qualification as a REIT.

Power to Reclassify Shares of Our Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Before issuance of shares of each class or series, our board of directors is required by Maryland law and by our charter to set, subject to our charter restrictions on the transfer and ownership of our stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, our board of directors could authorize the issuance of shares of common stock or preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interests. As of December 31, 2018, we had 5,800,000 shares Series A Preferred Stock, 13,000,000 shares of Series B Preferred Stock and 10,400,000 shares of Series C Preferred Stock issued and outstanding.

Power to Issue Additional Shares of Common Stock and Preferred Stock

We believe that the power of our board of directors to amend the charter without stockholder approval to increase the total number of authorized shares of our stock or any class or series of our stock, to issue additional

Table of Contents

authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as our common stock, will be available for issuance without further action by our stockholders, unless stockholder action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors has no intention at the present time of doing so, it could authorize us to issue a class or series that could, depending upon the terms of such class or series, delay, defer or prevent a transaction or a change in control of us that might involve a premium price for holders of our common stock or otherwise be in their best interests.

Table of Contents

DESCRIPTION OF WARRANTS

We may issue warrants to purchase debt or equity securities. We may issue warrants independently or together with any offered securities. The warrants may be attached to or separate from those offered securities. We will issue the warrants under warrant agreements to be entered into between us and a bank or trust company, as warrant agent, all as described in the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The prospectus supplement relating to any warrants that we may offer will contain the specific terms of the warrants. These terms may include the following:

the title of the warrants;

the designation, amount and terms of the securities for which the warrants are exercisable;

the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;

the price or prices at which the warrants will be issued;

the aggregate number of warrants;

any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;

the price or prices at which the securities purchasable upon exercise of the warrants may be purchased;

if applicable, the date on and after which the warrants and the securities purchasable upon exercise of the warrants will be separately transferable;

if applicable, a discussion of the material U.S. federal income tax considerations applicable to the exercise of the warrants;

any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants;

the date on which the right to exercise the warrants will commence, and the date on which the right will expire;

the maximum or minimum number of warrants that may be exercised at any time; and

information with respect to book-entry procedures, if any.

Table of Contents

DESCRIPTION OF DEBT SECURITIES

The following description of debt securities describes general terms and provisions of a series of debt securities to which any prospectus supplement may relate. When we offer to sell a series of debt securities, we will describe the specific terms of the series in the applicable prospectus supplement. If any particular terms of the debt securities of that series or the indenture described in a prospectus supplement differ from any of the terms described in this prospectus, then the terms described in the applicable prospectus supplement will supersede the terms described in this prospectus.

We may issue our debt securities either separately, or together with, or upon the conversion or exercise of or in exchange for, other securities described in this prospectus. The debt securities will be our unsubordinated and, unless otherwise expressly stated in the applicable prospectus supplement, unsecured obligations and may be issued in one or more series. If so indicated in the applicable prospectus supplement, we may issue debt securities that are secured by specified collateral.

The debt securities will be issued under one or more indentures, each to be entered into by us and a trustee, which trustee shall be named in the applicable prospectus supplement. Unless otherwise expressly stated in the applicable prospectus supplement, we may issue both secured and unsecured debt securities under the same indenture. Unless otherwise expressly stated or the context otherwise requires, references in this section to the indenture and the trustee refer to the applicable indenture pursuant to which any particular series of debt securities is issued and to the trustee under that indenture. The terms of any series of debt securities will be those specified in or pursuant to the applicable indenture and in the certificates evidencing that series of debt securities and those made part of the indenture by the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act of 1939.

The following summary of selected provisions of the indenture is not complete, and the summary of selected terms of a particular series of debt securities in the applicable prospectus supplement also will not be complete. You should review the form of applicable indenture, the form of any applicable supplemental indenture and the form of certificate evidencing the applicable debt securities, which forms have been or will be filed as exhibits to the registration statement of which this prospectus is a part or as exhibits to documents which have been or will be incorporated by reference into this prospectus. To obtain a copy of the form of indenture, the form of any such supplemental indenture or the form of certificate for any debt securities, see *Where You Can Find More Information* in this prospectus. The following summary and the summary in the applicable prospectus supplement are qualified in their entirety by reference to all of the provisions of the applicable indenture, any supplemental indenture and the certificates evidencing the applicable debt securities, which provisions, including defined terms, are incorporated by reference into this prospectus.

Capitalized terms used in this section and not defined have the meanings assigned to those terms in the indenture. Unless otherwise expressly stated or the context otherwise requires, references in this section to *Chimera*, *we*, *our* company, *us* and *our* and other similar references mean Chimera Investment Corporation, excluding its subsidiaries.

General

The debt securities may be issued from time to time in one or more series. We can issue an unlimited amount of debt securities under the indenture. The indenture provides that debt securities of any series may be issued up to the aggregate principal amount that may be authorized from time to time by us. Please read the applicable prospectus supplement relating to the series of debt securities being offered for specific terms, including, where applicable:

the title of the series of debt securities;

any limit on the aggregate principal amount of debt securities of the series;

Table of Contents

the price or prices at which debt securities of the series will be issued;

the person to whom any interest on a debt security of the series shall be payable, if other than the person in whose name that debt security is registered on the applicable record date;

the date or dates on which we will pay the principal of and premium, if any, on debt securities of the series, or the method or methods, if any, used to determine those dates;

the rate or rates, which may be fixed or variable, at which debt securities of the series will bear interest, if any, or the method or methods, if any, used to determine those rates;

the basis used to calculate interest, if any, on the debt securities of the series if other than a 360-day year of twelve 30-day months;

the date or dates, if any, from which interest on the debt securities of the series will begin to accrue, or the method or methods, if any, used to determine those dates;

the dates on which the interest, if any, on the debt securities of the series will be payable and the record dates for the payment of interest;

Sales and operating profit by geographical destination have been stated according to the location of the third party customers.

Certain businesses within Diageo International for internal management purposes have been reported within the appropriate market in the geographical analysis above. Corporate sales and operating loss (principally central costs) are incurred in Europe.

Net corporate operating costs and trading losses increased 3% to £80 million. Corporate revenues and costs are in respect of central costs including finance, human resources and legal as well as certain information system, service centre, facilities and employee costs that are not directly allocated to the geographical operating units. They also include the revenues and costs related to rents receivable in respect of properties not used by Diageo in the manufacture, sale or distribution of premium drinks and the results of Gleneagles Hotel.

	31 December 2005 £ million	31 December 2004 £ million
Total assets:		
North America	994	660
Europe	1,563	1,474
International	1,278	1,159
Moët Hennessy	1,304	1,263
Corporate and other	9,553	10,172
	14,692	14,728

Weighted average exchange rates used in the translation of profit and loss accounts were US dollar £1 = \$1.76 (2004 £1 = \$1.85) and euro £1 = 1.47 (2004 £1 = 1.46). Exchange rates used to translate assets and liabilities at the balance sheet date were US dollar £1 = \$1.72 (2004 £1 = \$1.92) and euro £1 = 1.46 (2004 £1 = 1.42). The group uses foreign exchange transaction hedges to mitigate the effect of exchange rate movements.

The Christmas holiday season provides the peak period for sales. Approximately 30% of annual sales volume occurs in the last three months of each calendar year.

3. Interest and other finance charges

	Six months ended 31 December 2005 £ million	Six months ended 31 December 2004 (restated) £ million
Interest payable	(107)	(135)
Interest receivable	15	57
Net interest	(92)	(78)
Net finance income in respect of post employment plans	10	4
Unwinding of discounts on provisions and debtors	(6)	(3)
Other finance charges	(1)	
	3	1
Net exchange movements on certain financial instruments	(4)	3
Other finance (charges)/income	(1)	4

4. Exceptional items

Following the implementation of IFRS, the group has decided to continue with its separate presentation of certain items as exceptional. These are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information.

	Six months ended 31 December 2005 £ million	Six months ended 31 December 2004 £ million
Operating costs		
Park Royal brewery accelerated depreciation		(14)
Seagram integration costs		(6)
Disposal of fixed assets		4
		(16)
Disposals		
Shares in General Mills	151	219
Other		(1)
	151	202

5. Income taxes

The £196 million total taxation charge for the six months ended 31 December 2005 comprises a UK tax charge of £50 million and a foreign tax charge of £146 million. Exceptional tax credits amounted to £117 million in the period (2004 - £14 million) reflecting a £110 million increase in the group's deferred tax assets following agreement of certain brand carrying values with fiscal authorities.

6. Dividends

	Six months ended 31 December 2005 £ million	Six months ended 31 December 2004 £ million
Amounts recognised as distributions to equity holders in the period		
Final dividend paid for the year ended 30 June 2005 of 18.2p (2004 - 17.0p) per share	529	512

An interim dividend of 11.95 pence per share for the six months ended 31 December 2005 (2004 - 11.35 pence per share) was approved by the Board on 15 February 2006 and as the approval was after the balance sheet date it has not been included as a liability.

7. Movements in total equity

	Six months ended 31 December 2005	Six months ended 31 December 2004 (restated)
	£ million	£ million
Total equity at beginning of the period	4,626	
Adoption of IAS 39 on 1 July 2005	164	
Restated total equity at beginning of the period	4,790	5,229
Profit for the period	1,205	1,002
Dividends paid to equity shareholders	(529)	(512)
Dividends paid to minority interests	(20)	(25)
Exchange adjustments	51	8
Tax on exchange adjustments in reserves	7	
New share capital issued	2	3
Share trust arrangements	(27)	(42)
Purchase of own shares for cancellation		(61)
Purchase of own shares held as treasury shares	(704)	(292)
Actuarial gains on post employment plans	179	
Redemption of preferred securities (net)		(312)
Other recognised losses	(165)	(1)
Net movement in total equity	(1)	(232)
Total equity at end of the period	4,789	4,997

Total equity at the end of the period includes gains of £169 million in respect of cumulative translation differences (2004 gains of £14 million) and £1,349 million in respect of own shares held as treasury shares (2004 £292 million).

8. Inventories

	31 December 2005	31 December 2004
	£ million	£ million
Raw materials and consumables	273	231
Work in progress	22	15
Maturing stocks	1,610	1,484
Finished goods and goods for resale	583	515
	2,488	2,245

9. Reconciliation of movement in net borrowings

	Six months ended 31 December 2005 £ million	Six months ended 31 December 2004 £ million
Net borrowings at beginning of the period	(3,706)	(4,156)
Adoption of IAS 39 on 1 July 2005	3	
Restated net borrowings at beginning of the period	(3,703)	(4,156)
Increase in cash and cash equivalents after exchange	252	302
Cash flow from change in loans	(296)	264
Change in net borrowings from cash flows	(44)	566
Exchange adjustments on borrowings	(162)	98
Other non-cash items	(2)	8
(Increase)/decrease in net borrowings	(208)	672
Net borrowings at end of the period	(3,911)	(3,484)

10. Net borrowings

	31 December 2005 £ million	31 December 2004 £ million
Debt due within one year and overdrafts	(1,047)	(2,109)
Debt due after one year	(3,907)	(2,911)
Interest rate swaps	9	
Obligations under finance leases	(10)	(10)
	(4,955)	(5,030)
Less: Cash and cash equivalents	1,039	1,082
Other liquid resources	14	506
Foreign currency swaps	(9)	(42)
Net borrowings	(3,911)	(3,484)

In the period ended 31 December 2005 the group issued a US\$ 750 million global bond repayable in 2015 with a coupon of 5.30% and a US\$ 250 million medium term note repayable in 2008 with floating rate coupons. A US\$ 500 million bond matured and was repaid in the period.

11. Contingent liabilities and legal proceedings

(i) Guarantees In connection with the disposal of Pillsbury, Diageo has guaranteed the debt of a third party to the amount of \$200 million (£116 million) until November 2009. Including this guarantee, but net of the amount provided in the consolidated financial statements, the group has given performance guarantees and indemnities to the third parties of £176 million. There has been no material change since 31 December 2005 in the group's performance

guarantees and indemnities.

(ii) Colombian litigation An action was filed on 8 October 2004 in the United States District Court for the Eastern District of New York by the Republic of Colombia and a number of its local government entities against Diageo and other spirits companies. The complaint alleges several causes of action. Included among the causes of action is a claim that the defendants allegedly violated the Federal RICO Act by facilitating money laundering in Colombia through their supposed involvement in the contraband trade to the detriment of government owned spirits production and distribution businesses. The complaint was amended on 29 December 2004 to add eight additional local Colombian government entities as plaintiffs. Diageo intends to defend itself vigorously against this lawsuit.

(iii) Alcohol advertising litigation At least nine nearly identical putative class actions were filed in state and federal courts in the United States against Diageo plc, Diageo North America Inc and other Diageo entities, along with a large group of other beverage alcohol manufacturers, brewers and importers. All have been brought by the same national counsel. In each action, the plaintiffs seek to pursue their claims on behalf of parents and guardians of people under the legal drinking age who illegally bought alcohol beverages during the period from 1982 to the present.

Plaintiffs allege several causes of action, principally for negligence, unjust enrichment and violation of state consumer fraud statutes. Some complaints include additional claims based on conspiracy, nuisance and on other legal theories. The litigation is ongoing and Diageo intends to defend itself vigorously against these claims.

(iv) Other The group has extensive international operations and is defendant in a number of legal proceedings incidental to these operations. There are a number of legal claims against the group, the outcome of which cannot at present be foreseen.

Save as disclosed above, neither Diageo, nor any member of the Diageo group, is or has been engaged in, nor (so far as Diageo is aware) is there pending or threatened by or against it, any legal or arbitration proceedings which may have a significant effect on the financial position of the Diageo group.

12. Explanation of transition to IFRS

These are the group's first consolidated interim results for part of the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The group has adopted the amendment to IAS 21 and accordingly the results for the comparative period have been restated (see note 1 for further information).

In preparing its IFRS balance sheet at the transition date (1 July 2004), comparative information for the six months ended 31 December 2004 and financial statements for the year ended 30 June 2005, the group has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP. Set out in the following tables is the UK GAAP to IFRS reconciliation of profit for the period for the six months ended 31 December 2004 and year ended 30 June 2005 and a reconciliation of total equity at 1 July 2004, 31 December 2004 and 30 June 2005.

Reconciliation of profit for the period

	Year ended 30 June 2005 (restated) £ million	Six months ended 31 December 2004 (restated) £ million
Profit after taxation under UK GAAP	1,439	908
Reversal of goodwill recycled to income statement on disposal (IAS 38)	247	247
Amortisation of deferred tax assets (IAS 12)	(267)	(149)
Foreign exchange differences on inter-company funding loans (IAS 21)	(8)	3
Share based payments (IFRS 2)	(9)	(4)
Other	(3)	(3)
Profit for the period under IFRS	1,399	1,002

Reconciliation of total equity

	30 June 2005 £ million	31 December 2004 £ million	1 July 2004 £ million
Total shareholders funds and minority interests under UK GAAP	3,834	4,284	4,183
Valuation of net post employment benefit liability (IAS 19)	(52)	(58)	(54)
Net deferred tax asset on brands and group re-organisations (IAS 12)	423	548	706
De-recognition of final dividend creditor (IAS 10)	530	336	513
Elimination of revaluation reserve (IAS 16)	(111)	(111)	(113)
Other	2	(2)	(6)
Total equity under IFRS	4,626	4,997	5,229
Net impact of implementation of IAS 39	164		
Total equity under IFRS at 1 July 2005	4,790		

In accordance with the exemption available in IFRS 1, the group has adopted IAS 39 *Financial instruments recognition and measurement* and IAS 32 *Financial instruments presentation and disclosure* with effect from 1 July 2005, the principal impact of these standards being to change the carrying value of financial instruments in the group's financial statements. The impact of adoption of these standards on the balance sheet at 1 July 2005 (date of adoption) is set out in the following table:

	30 June 2005 £ million	Impact of IAS 39 £ million	1 July 2005 £ million	31 December 2005 £ million
Non-current assets				
Investments in associates	1,261	(6)	1,255	1,347
Other investments	719	148	867	66
Deferred tax assets	778	10	788	705
Other financial assets		96	96	96
Other non-current assets	6,422	70	6,492	6,766
	9,180	318	9,498	8,980
Current assets	4,741		4,741	5,712
Total assets	13,921	318	14,239	14,692
Current liabilities	(3,615)	41	(3,574)	(3,938)
Non-current liabilities				
Borrowings	(3,677)	(67)	(3,744)	(3,907)
Other financial liabilities		(128)	(128)	(149)
Other non-current liabilities	(2,003)		(2,003)	(1,909)
	(5,680)	(195)	(5,875)	(5,965)
Total liabilities	(9,295)	(154)	(9,449)	(9,903)
Net assets	4,626	164	4,790	4,789
Equity				
Other reserves	5,400	123	5,523	5,409
Retained deficit	(941)	41	(900)	(817)
Equity attributable to equity shareholders of the company	4,459	164	4,623	4,592
Minority interests	167		167	197
Total equity	4,626	164	4,790	4,789

The group accounting policies applied to the financial information for the six months ended 31 December 2005, the comparative information for the six months ended 31 December 2004, the financial statements for the year ended 30 June 2005, and the preparation of an opening balance sheet at 1 July 2004 (the group's date of transition), are available on Diageo's website, www.diageo.com with the exception of the adoption of the amendment to IAS 21, the impact of which is outlined in note 1.

INDEPENDENT REVIEW REPORT TO DIAGEO PLC

Introduction

We have been engaged by the company to review the financial information set out on pages 18 to 30 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

As disclosed in note 1 to the financial information, the next annual financial statements of the group will be prepared in accordance with IFRSs adopted for use in the European Union.

The accounting policies that have been adopted in preparing the financial information are consistent with those that the directors currently intend to use in the next annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union. This is because, as disclosed in note 1, the directors have anticipated that the amendment to *IAS 21 The effects of changes in foreign exchange rates*, which has yet to be formally adopted for use in the EU, will be so adopted in time to be applicable to the next annual financial statements.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2005.

KPMG Audit Plc

Chartered Accountants

London, England

15 February 2006

**ADDITIONAL INFORMATION FOR SHAREHOLDERS
EXPLANATORY NOTES**

Definitions

Unless otherwise stated, percentage movements given throughout this announcement for volume, sales, net sales after deducting excise duties, marketing and operating profit are organic movements (at level exchange rates and after adjusting for acquisitions and disposals) for continuing operations. They are before exceptional items. Comparisons are with the equivalent period in the last financial year. For an explanation of organic movements please refer to Diageo's annual report for the year ended 30 June 2005 and Reconciliation to GAAP measures in this announcement.

Volume has been measured on an equivalent units basis to nine litre cases of spirits. An equivalent unit represents one nine litre case of spirits, which is approximately 272 servings. A serving comprises 33ml of spirits, 165ml of wine, or 330ml of ready to drink or beer. Therefore, to convert volume of products, other than spirits, to equivalent units, the following guide has been used: beer in hectolitres divide by 0.9, wine in nine litre cases divide by five and ready to drink in nine litre cases divide by 10.

Net sales are sales less excise duties.

Exceptional items are those that in management's judgement need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information. Such items are included within the income statement caption to which they relate.

References to ready to drink include flavoured malt beverages in the United States. References to Smirnoff ready to drink include Smirnoff Ice, Smirnoff Black Ice, Smirnoff Twisted V, Smirnoff Mule, Smirnoff Spin, Smirnoff Caesar and Smirnoff Signatures. References to Smirnoff Black Ice include Smirnoff Ice Triple Black in the United States.

Volume share is a brand's volume when compared to the volume of all brands in its segment. Value share is a brand's retail sales when compared to the retail sales of all brands in its segment. The share data contained in this announcement is taken from independent industry sources in the markets in which Diageo operates. Unless otherwise stated, share refers to volume share.

Share of voice is the media spend of a particular brand when compared to all brands in its segment. The share of voice data in this announcement is taken from independent industry sources in the markets in which Diageo operates. This announcement contains forward-looking statements that involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors beyond Diageo's control. Please refer to page 40 - Cautionary statement concerning forward-looking statements for more details.

This announcement includes names of Diageo's products which constitute trademarks or trade names which Diageo owns or which others own and license to Diageo for its use.

Reconciliation to GAAP measures

(i) Organic movement

Organic movement in volume, sales, net sales after deducting excise duties, operating profit before exceptional items and basic earnings per share are measures not specifically used in the consolidated financial statements themselves (non-GAAP measures). The performance of the group is discussed using these measures.

In the discussion of the performance of the business, certain information is presented using sterling amounts on a constant currency basis. This strips out the effect of foreign exchange rate movements and enables an understanding of the underlying performance of the market that is most closely influenced by the actions of that market's management. The risk from foreign exchange is managed centrally and is not a factor over which local managers have any control.

Acquisitions and disposals also impact the reported performance and therefore the reported movement in any period in which they arise. Management adjusts for the impact of such transactions in assessing the performance of the underlying business.

The underlying performance on a constant currency basis and excluding the impact of acquisitions and disposals is referred to as organic performance. Organic movement calculations enable the reader to focus on the performance of the business which is common to both periods.

Organic movement in volume, sales, net sales after deducting excise duties, and operating profit before exceptional items

Diageo's strategic planning and budgeting process is based on organic movement in volume, sales, net sales after deducting excise duties and operating profit before exceptional items, and these measures closely reflect the way in which operating targets are defined and performance is monitored by the group's management. Therefore organic movement measures most closely reflect the way in which the business is managed.

These measures are chosen for planning, budgeting, reporting and incentive purposes since they represent those measures which local managers are most directly able to influence and they enable consideration of the underlying business performance without the distortion caused by fluctuating exchange rates, acquisitions and disposals.

The group's management believes these measures provide valuable additional information for users of the financial statements in understanding the group's performance since they provide information on those elements of performance which local managers are most directly able to influence and focus on that element of the core brand portfolio which is common to both periods. They should be viewed as complementary to, and not a replacement for, the comparable GAAP measures: sales, net sales after deducting excise duties and reported movements in individual income statement captions. These GAAP measures reflect all of the factors which impact on the business.

The organic movement calculations for volume, sales, net sales after deducting excise duties and operating profit before exceptional items for the six months ended 31 December 2005 were as follows:

1. Volume

	2004 units million	Acquisitions units million	Organic movement units million	2005 units million	Organic movement %
North America	24.5	0.1	0.9	25.5	4
Europe	23.8	0.2		24.0	
International	20.6	0.2	2.3	23.1	11
Total	68.9	0.5	3.2	72.6	5

2. Sales

	2004 ⁽¹⁾ Reported £ million	Transfers ⁽²⁾ £ million	Exchange ⁽³⁾ £ million	Acquisitions and disposals ⁽⁴⁾ £ million	Organic movement £ million	2005 Reported £ million	Organic movement (a) %
North America	1,385		60	23	97	1,565	7
Europe	2,244	(8)	(14)	3	(4)	2,221	
International	1,289		36	10	198	1,533	15
Corporate	28	8			4	40	11
Total	4,946		82	36	295	5,359	6

3. Net sales after deducting excise duties

	2004 ⁽¹⁾ Reported £ million	Transfers ⁽²⁾ £ million	Exchange ⁽³⁾ £ million	Acquisitions and disposals ⁽⁴⁾ £ million	Organic movement £ million	2005 Reported £ million	Organic movement (a) %
North America	1,168		49	22	90	1,329	7
Europe	1,450	(8)	(15)	(4)	(15)	1,408	(1)
International	1,028		22	8	125	1,183	12
Corporate	28	8			4	40	11
Total	3,674		56	26	204	3,960	5
Excise duties	1,272					1,399	
Sales	4,946					5,359	

4. Operating profit before exceptional items ^(b)

	2004 ⁽¹⁾	Acquisitions and Organic	2005	Organic movement
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	<i>Reported</i> £ <i>million</i>	<i>Transfers</i> ⁽²⁾ £ <i>million</i>	<i>Exchange</i> ⁽³⁾ £ <i>million</i>	<i>disposals</i> ⁽⁴⁾ £ <i>million</i>	<i>movement</i> £ <i>million</i>	<i>Reported</i> £ <i>million</i>	(a) %
<i>North America</i>	454		(2)	3	21	476	5
<i>Europe</i>	463	(4)	(3)	8	30	494	7
<i>International</i>	346	(2)	(14)	1	40	371	12
<i>Corporate</i>	(78)	6			(8)	(80)	(11)
<i>Total</i>	1,185		(19)	12	83	1,261	7

Notes Information relating to the current period

- (1) Results for 2004 have been restated for the impacts of implementing IFRS.
- (2) Transfers represents the reallocation of the Guinness Storehouse visitor centre in Dublin from Europe into the corporate business segment and the transfer of the costs relating to a global information technology project from Corporate into Europe and International.
- (3) The exchange adjustments for sales, net sales after deducting excise duties and operating profit before exceptional items are principally in respect of the US dollar.
- (4) Acquisitions in the period ended 31 December 2005 are only in respect of the acquisition of The Old Bushmills Distillery Company Limited. Acquisitions impacting the calculation of organic growth in the period were in respect of the acquisition of The Chalone Wine Group (North America), Ursus Vodka Holdings B.V. (Europe) and Ghana Breweries Limited (International). Disposals affecting the period are only the disposal of United Beverages Limited (Europe) which contributed sales, net sales after deducting excise duties and operating profit before exceptional items of £16 million, £16 million and £nil respectively in the six months ended 31 December 2004.

Notes Information relating to the organic movement calculations

- a) The organic movement percentage is the amount in the column headed *Organic movement* in the table above expressed as a percentage of the aggregate of the columns headed *2004 Reported*, *Transfers*, *Exchange* and the values for disposals (see note 4 above) from the column headed *Acquisitions and disposals*. The inclusion of the column headed *Exchange* in the organic movement calculation reflects the adjustment to exclude the effect of exchange rate movements by recalculating the prior period results as if they had been generated at the current period's exchange rates. Organic movement percentages are calculated as the organic movement amount in £ million, expressed as the percentage of the prior period results at current year exchange rates and after adjusting for disposals. The basis of calculation means that the results used to measure organic movement for a given period will be adjusted when used to measure organic movement in the subsequent period.
- b) Where a business, brand, brand distribution right or agency agreement was disposed of, or terminated, in the current period, the group, in organic movement calculations, adjusts the results for the comparable prior period to exclude the amount the group earned in that period that it could not have earned in the current period (i.e. the period between the date in the prior period, equivalent to the date of the disposal in the current period, and the end of the prior period). As a result, the organic movement numbers reflect only comparable performance. Similarly, if a business was disposed of part way through the equivalent prior period then its contribution would be completely excluded from that prior period's performance in the organic movement calculation, since the group recognised no contribution from that business in the current period. In the calculation of operating profit before exceptional items the overheads included in disposals were only those directly attributable to the businesses disposed, and do not result from subjective judgements of management. For acquisitions, a similar adjustment is made in the organic movement calculations. For acquisitions subsequent to the end of the equivalent prior period, the post acquisition results in the current period are excluded from the organic movement calculations. For acquisitions in the prior period, post acquisition results are included in full in the prior period but are only included from the anniversary of the acquisition date in the current period.
- c) A further adjustment in organic movement is made to exclude the effect of exchange rate movements by recalculating the prior period's results as if they had been generated at the current period's exchange rates.

Organic movement in earnings per share

The group's management believes basic earnings per share on a reported and organic movement basis, provides valuable additional information for users of the financial statements in understanding the group's overall performance. The group's management believe that the comparison of movements on both a reported and organic basis provides information as to the individual components of the movement in basic earnings per share being: the impact of exceptional items, fluctuating exchange rates, acquisitions and disposals arising in the period and changes in the effective rate of tax. These measures should be viewed as complementary to, and not a replacement for, the comparable GAAP measures such as basic and diluted earnings per share and reported movements thereon. These GAAP measures reflect all of the factors which impact on the business.

The organic movement calculation in earnings per share for the six months ended 31 December 2005 was as follows:

	p per share (5)
Reported basic eps for period ended 31 December 2004	32.2
Exceptional items (1)	(7.2)
Basic eps before exceptional items for period ended 31 December 2004	25.0
Disposals (2) (a)	0.3
Exchange (3) (d)	(1.1)
Tax equalisation to 25% (4)	3.9
Restated basic eps for period ended 31 December 2004	28.1
Reported basic eps for period ended 31 December 2005	40.4
Exceptional items (1)	(9.3)
Acquisitions (2) (b)	(0.1)
Exchange (3) (d)	0.1
Basic eps before exceptional items for the period ended 31 December 2005	31.1
Reported basic eps movement amount	8.2p
Basic eps before exceptional items movement amount	6.1p
Organic movement amount (c)	3.0p
Reported basic eps growth	25%
Basic eps before exceptional items growth	24%
Organic growth (c)	11%

Notes Information relating to the current period

- 1) The exceptional items (after tax and attributable to equity shareholders) reported by the group for the period ended 31 December 2005 were a gain of £268 million (2004 a gain of £216 million) equating to 9.3 pence per share for the period ended 31 December 2005 and 7.2 pence per share for the period ended 31 December 2004.
- 2) Acquisitions in the period ended 31 December 2005 are in respect of the acquisition of The Old Bushmills Distillery Company Limited. Acquisitions impacting the calculation of organic growth in the period were in respect of the acquisition of The Chalone Wine Group (North America), Ursus Vodka Holdings B.V. (Europe) and Ghana Breweries Limited (International). Disposals affecting the period are the disposal of United Beverages Limited (Europe) and the impact of the disposal of 25 million shares of the common stock of General Mills. Acquisitions contributed 0.1 pence per share for the period ended 31 December 2005.

- 3) *Exchange* The exchange adjustments for operating profit before exceptional items, net finance charges and taxation before exceptional items are principally in respect of the US dollar. Transaction exchange adjustments are taxed at the effective tax rate for the period. Exchange had an adverse impact of 0.1 pence per share for the period ended 31 December 2005.
- 4) *Tax equalisation* the impact of equalising the effective rate of tax on profit before exceptional items and tax from the reported rate to 25%. The group's underlying effective rate of tax before exceptional items is expected to be 25%.

This adjustment is expected to be applied in the financial year ending 30 June 2006 only. The group adopted IFRS in the period ended 31 December 2005 and the group's results for the period ended 31 December 2004 have been restated from UK GAAP to IFRS. Under IFRS the effective rate of tax on profit before exceptional items for the period ended 31 December 2004 was 34%, the equivalent rate under UK GAAP was 24%. The increase in the effective tax rate under IFRS arose primarily as a result of the implementation of IAS 12 Income taxes in respect of the recognition of movements in deferred tax.

- 5) *All amounts are derived from amounts in £ million divided by the weighted average number of shares in issue for the period to 31 December 2005 of 2,886 million (2004 2,999 million).*

Notes Information relating to the organic movement calculations

- a) *Where a business, brand, brand distribution right or agency agreement or investment was disposed of, or terminated, in the current period, the group, in organic movement calculations, adjusts the profit for the period attributable to equity shareholders for the comparable prior period to exclude the following: i) the amount the group earned in that period that it could not have earned in the current period (i.e. the period between the date in the prior period, equivalent to the date of the disposal in the current period, and the end of the prior period), ii) a capital return in respect of the reduction in interest charge had the disposal proceeds been used entirely to reduce borrowings, and iii) taxation at the rate applying in the jurisdiction in which the asset or business disposed was domiciled. As a result, the organic movement numbers reflect only comparable performance. Similarly, if a business or investment asset was disposed of part-way through the equivalent prior period then its impact on the profit for the year attributable to equity shareholders (i.e. after adjustment for a capital return from use of the proceeds of the disposal to reduce borrowings and tax at the rate applying in the jurisdiction in which the asset or business disposed was taxed) would be completely excluded from that prior period's performance in the organic movement calculation, since the group recognised no contribution from that business in the current period.*
- b) *Where a business, brand, brand distribution right or agency agreement or investment is acquired subsequent to the end of the equivalent prior period, the group, in organic movement calculations adjusts the profit for the current period attributable to equity shareholders to exclude the following: i) the amount the group earned in the current period that it could not have earned in the prior period, ii) a capital charge in respect of the increase in interest charge had the acquisition been funded entirely by an increase in borrowings, and iii) taxation at the rate applying in the jurisdiction in which the business acquired is domiciled. As a result, the organic movement numbers reflect only comparable performance. Similarly, if a business or investment asset was acquired part way through the equivalent prior period then its impact on the profit for the year attributable to equity shareholders (i.e. after adjustment for a capital charge for the funding of the acquisition and tax at the rate applying in the jurisdiction in which the acquired business is taxed) would be adjusted in that prior period's performance in the organic movement calculation, since the group recognised a full period's contribution from that business in the current period.*
- c) *Organic movement percentages for basic earnings per share are calculated as the organic movement amount in pence (p), expressed as the percentage of the prior period results at current year exchange rates, and after adjusting for exceptional items, tax equalisation and acquisitions and disposals. The*

basis of calculation means that the results used to measure organic movement for a given period will be adjusted when used to measure organic movement in the subsequent period.

d) The exchange effects of IAS 21 in respect of short term intercompany funding balances as recognised in other finance charges / income are removed from both the current and prior period as part of the organic movement calculation.

(ii) Free cash flow

Free cash flow is a non-GAAP measure that comprises net cash from operating activities as well as the net purchase and disposal of investments and property, plant and equipment that form part of net cash from investing activities. The group's management believe the measure assists users of the financial statements in understanding the group's cash generating performance as it comprises items that arise from the running of the ongoing business.

The remaining components of net cash from investing activities that do not form part of free cash flow, as defined by the group's management, relate to the purchase and disposal of subsidiaries, associates and businesses. The group's management regards the purchase and disposal of property, plant and equipment as ultimately non-discretionary since ongoing investment in plant and machinery is required to support the day-to-day operations, whereas purchases and disposals of businesses are discretionary. However, free cash flow does not necessarily reflect all amounts that the group either has a constructive or legal obligation to incur. Where appropriate, separate discussion is given for the impacts of acquisitions and disposals of businesses, equity dividends and purchase of own shares each of which arises from decisions that are independent from the running of the ongoing underlying business.

The free cash flow measure is also used by management for their own planning, budgeting, reporting and incentive purposes since it provides information on those elements of performance which local managers are most directly able to influence.

(iii) Return on average total invested capital

Return on average total invested capital is a non-GAAP measure that is used by management to assess the return obtained from the group's asset base. This measure is not specifically used in the consolidated financial statements, but is calculated to aid comparison of the performance of the business.

The profit used in assessing the return on total invested capital reflects the operating performance of the business after the effective tax rate for the period stated before exceptional items and interest. Average total invested capital is calculated using the average derived from the consolidated balance sheets at the beginning and the end of the period. Capital employed comprises net assets for the period, excluding post employment benefit liabilities (net of deferred tax) and net borrowings. This average total invested capital is aggregated with restructuring and integration costs net of tax, which have been charged to exceptional items, and goodwill written off to reserves at 1 July 2004 being the date of transition to IFRS.

Calculations for the return on average total invested capital for the six months ended 31 December 2005 and 31 December 2004 were as follows:

	2005	2004
	£ million	£ million
<i>Operating profit before exceptional items</i>	1,261	1,185
<i>Associates after interest and taxation</i>	77	71
<i>Dividends receivable from investments</i>	5	8
<i>Effective tax rate 25% (2004 25%)*</i>	(336)	(316)
	1,007	948
<i>Average net assets</i>	5,671	5,880
<i>Average net borrowings</i>	3,807	3,820
<i>Average integration costs (net of tax)</i>	931	916
<i>Average goodwill</i>	1,562	1,562
<i>Average total invested capital</i>	11,971	12,178
<i>Return on average total invested capital</i>	16.8%	15.6%

* *The effective tax rate for 2004 has been adjusted to 25% to achieve a comparable measure in the year of IFRS adoption (2004 effective tax rate under IFRS was 34%)*

(iv) Economic profit

Economic profit is a non-GAAP measure that is used by management to assess the group's return from its asset base compared to a standard cost of capital charge. The measure is not specifically used in the consolidated financial statements, but is calculated to aid comparison of the performance of the business.

The profit used in assessing the return from the group's asset base and the asset base itself are the same as those used in the calculation for the return on average total invested capital (see (iii) above). The standard capital charge applied to the average total invested capital is currently 9%, being management's assessment of a constant minimum level of return that the group expects to generate from its asset base. Economic profit is calculated as the difference between the standard capital charge on the average invested assets and the actual return achieved by the group on those assets.

Calculations for economic profit for the six months ended 31 December 2005 and 31 December 2004 were as follows:

	2005	2004
	£ million	£ million
<i>Average total invested capital (see (iii) above)</i>	11,971	12,178

<i>Operating profit before exceptional items</i>	1,261	1,185
<i>Associates after interest and taxation</i>	77	71
<i>Dividends receivable from investments</i>	5	8
<i>Effective tax rate 25% (2004 25%)*</i>	(336)	(316)
	1,007	948
<i>Capital charge at 9% of average total invested capital (50% half year)</i>	(539)	(548)
<i>Economic profit</i>	468	400

* *The effective tax rate for 2004 has been adjusted to 25% to achieve a comparable measure in the year of IFRS adoption (2004 effective tax rate under IFRS was 34%)*

Cautionary statement concerning forward-looking statements

This document contains statements with respect to the financial condition, results of operations and business of Diageo and certain of the plans and objectives of Diageo with respect to these items. These forward-looking statements are made pursuant to the Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to Diageo, anticipated cost savings or synergies and the completion of Diageo's strategic transactions, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside Diageo's control. These factors include, but are not limited to:

increased competitive product and pricing pressures and unanticipated actions by competitors that could impact Diageo's market share, increase expenses and hinder growth potential;

the effects of future business combinations, partnerships, acquisitions or disposals, existing or future, and the ability to realise expected synergies and/or costs savings;

Diageo's ability to complete existing or future acquisitions and disposals;

legal and regulatory developments, including changes in regulations regarding consumption of, or advertising for, beverage alcohol, changes in accounting standards, taxation requirements, such as the impact of excise tax increases with respect to the business, environmental laws and the laws governing pensions;

developments in the alcohol advertising class actions and any similar proceedings or other litigation directed at the drinks and spirits industry;

developments in the Colombian litigation and any similar proceedings;

changes in consumer preferences and tastes, demographic trends or perception about health related issues;

changes in the cost of raw materials and labour costs;

changes in economic conditions in countries in which Diageo operates, including changes in levels of consumer spending;

levels of marketing, promotional and innovation expenditure by Diageo and its competitors;

renewal of distribution rights on favourable terms when they expire;

termination of existing distribution rights on agency brands;

technological developments that may affect the distribution of products or impede Diageo's ability to protect its intellectual property rights; and

changes in financial and equity markets, including significant interest rate and foreign currency exchange rate fluctuations, which may affect Diageo's access to or increase the cost of financing or which may affect Diageo's financial results.

All oral and written forward-looking statements made on or after the date of this announcement and attributable to Diageo are expressly qualified in their entirety by the above factors and the risk factors contained in the annual report on Form 20-F for the year ended 30 June 2005 filed with the US Securities and Exchange Commission. Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo does not undertake to update forward-looking statements to reflect any changes in Diageo's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Diageo may make in documents it files with the US Securities and Exchange Commission.

The information in this announcement does not constitute an offer to sell or an invitation to buy shares in Diageo plc or any other invitation or inducement to engage in investment activities.

This document includes disclosure about Diageo's debt rating. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating.

Past performance cannot be relied upon as a guide to future performance.

For further information

Diageo's interim results presentation to analysts and investors will be broadcast at 09.30 (UK time) on Thursday 16 February 2006. The presentation will be available on the Diageo website www.diageo.com and also at www.cantos.com. Prior to the event the presentation slides will also be available to download from Diageo's home page.

You will be able to listen to a live broadcast of the presentation and to the question and answer session. The number to call is:

France	+33 1 70 75 00 02
Germany	+49 69 2222 52100
Ireland	+353 1 246 0034
Netherlands	+31 20 710 0075
Spain	+34 91 414 15 45
UK	+44 20 7019 0810
USA (toll free)	1 877 951 7311

Passcode: Diageo results

After the presentation the slides and accompanying text will be available to download from Diageo's homepage. You will be able to view a recording of the presentation and question and answer session on the Diageo website from 14.00 (UK time) on the day. This facility will be available until 16 March 2006.

A press conference will take place beginning at 12.30 (UK time) on Thursday 16 February and will be broadcast live from a link on www.diageo.com.

Diageo management will host a conference call for analysts and investors at 15.00 (UK time) on Thursday 16 February 2005. Call this number to participate:

France	+33 1 70 75 00 02
Germany	+49 69 2222 52100
Ireland	+353 1 246 0034
Netherlands	+31 20 710 0075
Spain	+34 91 414 15 45
UK	+44 20 7019 0810
USA (toll free)	1 877 951 7311

Passcode: Diageo results

The teleconference will be available on instant replay from 17.00 (UK time) and will be available until 16 March 2005. The number to call is:

UK/Europe	+44 20 7970 4974
USA/Canada	+1 203 369 4770

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	Crowl	

Media@diageo.com

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 17:21 16-Feb-06
Number 5580Y

Diageo plc announces that it has today purchased through Credit Suisse Securities (Europe) Limited 700,000 ordinary shares at a price of 868.45 pence per share. The purchased shares will all be held as treasury shares.
Following the above purchase, Diageo plc holds 192,059,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,858,606,131.
END

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 17:37 17-Feb-06
Number 6191Y

Diageo plc
17 February 2006
Diageo plc announces that it has today purchased through Goldman Sachs International 500,000 ordinary shares at a price of 879.14 pence per share. The purchased shares will all be held as treasury shares.
Following the above purchase, Diageo plc holds 192,559,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,858,118,305.
END

Company Diageo PLC
TIDM DGE
Headline Director/PDMR
Shareholding

Released 15:20 20-Feb-06
Number PRNUK-2002

TO: Regulatory Information
Service
PR Newswire

RE: PARAGRAPH 3.1.4 OF
THE DISCLOSURE RULES

The notifications listed below are each in respect of a single transaction of which notification was received under Paragraph 3.1.2 of the Disclosure Rules and, in respect of directors of Diageo plc only, Section 324 of the Companies Act 1985.

1. Diageo plc (the Company) announces that on 17 February 2006 it received notification from the trustee of the Diageo Employee Benefit Trust (the Employee Benefit Trust) as detailed below. The Employee Benefit Trust is a discretionary trust for the benefit of employees of the Company and its subsidiaries and operates primarily in conjunction with the Company s Long Term Incentive Plan, now called the Total Shareholder Return Plan (the Plan), approved by shareholders on 11 August 1998.

a) Bailhache Labesse Trustees Limited, as trustee of the Employee Benefit Trust (the Trustee), had, on 17 February 2006, released ordinary shares of 28 101/ 108 pence of the Company (Ordinary Shares) to participants under the Plan at a level of 61.1% as follows:

Date of Transaction	No. of Ordinary Shares
17.02.2006	421,335

including Ordinary Shares transferred to directors and Persons Discharging Managerial Responsibility (PDMR), receiving awards released under the Plan, as follows:

Name of Director	No. of Ordinary Shares
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NC Rose	52,896
PS Walsh	91,994
Name of PDMR	No. of Ordinary Shares
S Fletcher	25,114
J Grover	21,556
A Morgan	25,355
G Williams	22,393

The awards were made on 21 February 2003. The balance of each award has lapsed.

b) the Trustee had, on 17 February 2006, made the following sale of Ordinary Shares to meet the requirement to reimburse the Company for PAYE tax and National Insurance liabilities on awards released under the Plan:

Date of Transaction	No. Ordinary Shares Sold	Sale Price of Ordinary Shares
17.2.2006	96,778	£8.783

including Ordinary Shares sold on behalf of directors and PDMRs, as follows:

Name of Director	No. Ordinary Shares Sold	Sale Price of Ordinary Shares
NC Rose	21,688	£8.783
PS Walsh	37,718	£8.783
Name of PDMR		
S Fletcher	10,297	£8.783
J Grover	8,838	£8.783

G Williams 9,182 £8.783

2. Mr PS Walsh notified the Company that on 17 February 2006 he sold 49,276 Ordinary Shares at a price per share of £8.70. Therefore he has retained 5,000 of the shares released to him under the Plan, as announced in 1. a) above.

3. Mr PS Walsh notified the Company that on 17 February 2006:

a) he exercised options over 75,000 Ordinary Shares granted on 20 December 1999 at a price per share of £5.18 under the Company`s Senior Executive Share Option Plan; and

b) he sold 72,500 Ordinary Shares at a price per share of £8.785.

Mr Walsh will retain ownership of the balance of 2,500 Ordinary Shares.

4. The Company announces that it received a notification from the Trustee on 17 February 2006 that as a result of the transactions detailed above in 1 and 3, the total holding of the Employee Benefit Trust amounts to 6,616,413 Ordinary Shares.

5. As a result of the above release of awards and sales, the interests of directors and PDMRs in the Company`s Ordinary Shares (excluding options, awards under the Company`s LTIPs and interests as potential beneficiaries of the Company`s Employee Benefit Trusts) are as follows:

Name of Director	Number of Ordinary Shares
N C Rose	285,867
P S Walsh	760,953
Name of PDMR	Number of Ordinary Shares
S Fletcher	112,413
J Grover	149,934
A Morgan	141,425

G Williams 182,844*

(* of which 5,423 are held in the form of ADS. 1 ADS is the equivalent of 4 Ordinary Shares.)

20 February 2006

END

Company Diageo PLC

TIDM DGE

Headline Transaction in Own Shares

Released 17:50 20-Feb-06

Number 6834Y

Diageo plc

20 February 2006

Diageo plc announces that it has today purchased through Goldman Sachs International 400,000 ordinary shares at a price of 878.20 pence per share. The purchased shares will all be held as treasury shares.

Following the above purchase, Diageo plc holds 192,959,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,857,718,305.

END

Company Diageo PLC

TIDM DGE

Headline Transaction in Own Shares

Released 18:02 21-Feb-06

Number 7461Y

Diageo plc

21 February 2006

Diageo plc announces that it has today purchased through Goldman Sachs International 700,000 ordinary shares at a price of 877.35 pence per share. The purchased shares will all be held as treasury shares. Following the above purchase, Diageo plc holds 193,659,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,857,024,932.
END

Company Diageo PLC
TIDM DGE
Headline Director/PDMR
Shareholding
Released 14:52 22-Feb-06
Number PRNUK-2202

TO: Regulatory Information
Service
PR Newswire

RE: PARAGRAPH 3.1.4 OF
THE DISCLOSURE RULES

The notifications listed below were received under Paragraph 3.1.2 of the Disclosure Rules.

1. Diageo plc (the Company) announces that on 21 February 2006 it received notification that Persons Discharging Managerial Responsibility (PDMR) had American Depositary Shares (ADS) released to them as follows. On 17 February 2006, Bailhache Labesse Trustees Limited, as trustee of the Diageo Employee Benefit Trust (the Trustee), released ADSs to PDMRs, at a level of 61.1%, as below. The ADSs were released under the Company s Long Term Incentive Plan, now called the Total Shareholder Return Plan (the Plan) that was approved by shareholders on 11 August 1998. The Diageo Employee Benefit Trust is a discretionary trust for the benefit of employees of the Company and its subsidiaries and operates primarily in conjunction with the Plan.

Name of PDMR	No. of ADSs
R Malcolm	8,578
I Menezes	10,976
T Proctor	10,943

The awards were made on 21 February 2003. The balance of each award has lapsed.

2. Following the above release of awards, the interests of PDMRs in the Company's Ordinary Shares and ADSs (excluding options, awards under the Company's LTIPs and interests as potential beneficiaries of the Company's Employee Benefit Trusts) are as follows:

Name of PDMR	Number of Ordinary Shares
I Menezes	240,742*

Name of PDMR	Number of ADSs
R Malcolm	26,728
T Proctor	51,605

(* of which 36,936 are held in the form of ADS. 1 ADS is the equivalent of 4 Ordinary Shares.)

22 February 2006

END

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 17:57 22-Feb-06
Number 8127Y
Diageo plc Transaction in Own Shares

22 February 2006

Diageo plc announces that it has today purchased through Goldman Sachs International 650,000 ordinary shares at a price of 874.46 pence per share. The purchased shares will be held in treasury for the purpose of satisfying options granted under the Company's Employee Benefit Trusts.

Following the above purchase, the Company holds 194,309,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,856,377,534.

END

Company Diageo PLC

TIDM DGE

Headline Transaction in Own Shares

Released 17:19 23-Feb-06

Number 8760Y

Diageo plc

23 February 2006

Diageo plc announces that it has today purchased through Goldman Sachs International 700,000 ordinary shares at a price of 874.86 pence per share. The purchased shares will all be held as treasury shares.

Following the above purchase, Diageo plc holds 195,009,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,855,685,677.

END

Company Diageo PLC

TIDM DGE
Headline Transaction in Own Shares
Released 18:12 24-Feb-06
Number 9489Y

Diageo plc
24 February 2006

Diageo plc announces that it has today purchased through Goldman Sachs International 700,000 ordinary shares at a price of 875.12 pence per share. The purchased shares will all be held as treasury shares.

Following the above purchase, Diageo plc holds 195,709,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,854,985,911.

END

Company Diageo PLC
TIDM DGE
Headline Strategic partnership
Released 09:18 27-Feb-06
Number 9599Y

27 February 2006

**DIAGEO AND A 1, AN ALFA GROUP COMPANY, CREATE STRATEGIC
PARTNERSHIP FOR EXPANSION IN RUSSIA**

Diageo and an Alfa Group company, A 1 Group Limited, the owner of the Smirnov Trading House announce that they have signed an agreement to form a joint venture company to market, sell and distribute spirits in Russia. It is anticipated that the joint venture will become fully operational in July 2006. The joint venture is conditional on, among other things, receipt of regulatory clearance from the Russian anti-monopoly authorities.

Through the joint venture with A 1, Diageo, the world's leading premium spirits company, acquires a majority interest in the fast growing Smirnov brand and business which will

form the basis of the new operation in Russia. The Smirnov brand will join Diageo's portfolio within the newly formed company.

The future joint venture company will be owned 75% by Diageo and 25% by A 1 with both parties contributing to the strategic management of the joint venture's distribution entity in Russia, Diageo Distribution ZAO. This company will be the exclusive distributor of Diageo spirits brands and the Smirnov vodka brand in Russia. It will be a strong sales and marketing organisation, capable of accelerating growth across the entire spirits brands portfolio with operations in Moscow and major cities across Russia.

On completion of the transaction, Diageo will pay to Alfa Group a total of US\$50 million for its interest in the joint venture. The transaction is expected to meet Diageo's usual financial investment criteria.

Alison Forrestal, General Manager, Diageo Russia, will be appointed General Director of Diageo Distribution, and Andrey Kravets, currently General Manager Smirnov Trading House, will be appointed Deputy General Director.

The new business will represent a strong presence in Russia. When fully operational, it is expected to employ between 250-300 people, resourced from the current businesses with additional employees recruited from the Russian market. The increased focus behind the brands is expected to improve growth. Completion of the transaction will also unite the Smirnoff / Smirnov brands under common ownership.

Andrew Morgan, President Europe, Diageo plc says, "This joint venture represents a significant step in Diageo's strategy to invest in the markets we have identified for future growth – strengthening our existing presence here in Russia. A 1 has significant experience of partnering with companies in Russia. Combining this with Diageo's expertise in spirits marketing means that this venture creates a strong foundation for our joint ambition to become the leading spirits business in this market. Following a successful distributor relationship with Roust Inc, we are keen to take our investment in Russia to the next stage.

Igor Baranovsky, Managing Director of A 1, says, "The joint venture combines the potentials of the Alfa Group, the leading Russian investor, and Diageo, the world's leading premium spirits company. This marks the appearance of a new player with an

extremely promising future. Diageo is a very strong partner, with exemplary business philosophy, and a highly professional team. As for the Smirnov vodka brand and business it is a very attractive asset for strategic investment. Building the Smirnov brand will now acquire a new emphasis. Legendary Smirnoff and Smirnov, with their unique Russian heritage are uniting, in an outstanding portfolio. This opens new horizons for their future growth.

-Ends-

Contacts

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Notes to editors

Diageo is the world's leading premium drinks business. With its global vision, and local marketing focus, Diageo brings to consumers an outstanding collection of beverage alcohol brands across the spirits, wine and beer categories including Smirnoff, Johnnie Walker, Guinness, Baileys, J&B, Captain Morgan, Cuervo, Tanqueray, Crown Royal and Beaulieu Vineyard and Sterling Vineyards wines.

Diageo is a global company, trading in over 180 markets around the world and listed on both the New York Stock Exchange (DEO) and the London Stock Exchange (DGE). We employ over 20,000 people worldwide with offices in around 80 countries. We have manufacturing facilities across the globe including Great Britain, Ireland, United States, Canada, Spain, Italy, Africa, Latin America, Australia, India and the Caribbean. Diageo was formed in 1997, following the merger of Guinness and GrandMet and is headquartered in London. The word Diageo comes from the Latin for day (dia) and the Greek for world (geo). We take this to mean every day, everywhere, people celebrate with our brands.

For more information about Diageo, its people, brands and performance, visit us at www.diageo.com

A 1, a subsidiary of Alfa Group, is the key investment division of the largest Russian consortium.

A 1 typically focuses on value-oriented, longer-term investment projects. Its objective is releasing the potential of portfolio companies through strategic management, consolidation, restructuring assets, crisis management and other aspects of corporate business development.

A 1's long-term interests are in the creation of sustainable competitive businesses via the introduction of modern management systems.

A 1's professionals have unique experience of successful projects in various industries: Alfa Group strategic assets (Alfa Bank, TNK, national retail chain Perekryostok, Vimpelcom and Megaphone – the largest Russian telecommunications operators), as well as establishment of new businesses in oil and gas, metallurgy, pulp and paper industry, agribusiness, FMCG sector, etc.

The Smirnov Trading House, one of the A 1's FMCG assets, was set up in Moscow in 2002 to resume production of vodka from recipes of the Russia's famous wine maker Petr Arseniyevich Smirnov (1831 – 1898). In 2005, The Smirnov Trading House introduced the new collection of alcoholic beverages to the Russian market so that production and sales volumes have increased four and a half times compared to 2004.

END

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 17:36 27-Feb-06
Number 0142Z
Diageo plc
27 February 2006

Diageo plc announces that it has today purchased through Goldman Sachs International 600,000 ordinary shares at a price of 875.71 pence per share. The purchased shares will all be held as treasury shares.

Following the above purchase, Diageo plc holds 196,309,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,854,385,911.

Company Diageo PLC

TIDM DGE

Headline Transaction in Own Shares

Released 17:50 28-Feb-06

Number 0930Z

Diageo plc

28 February 2006

Diageo plc announces that it has today purchased through Goldman Sachs International 700,000 ordinary shares at a price of 879.05 pence per share. The purchased shares will all be held as treasury shares.

Following the above purchase, Diageo plc holds 197,009,500 ordinary shares as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) is 2,853,686,408.

END