



All information as of December 31, 2009

## Company Profile

Annaly Capital Management, Inc. manages assets on behalf of institutional and individual investors worldwide. The Company's principal business objective is to generate net income for distribution to investors from its investment securities and from dividends earned by its subsidiaries. Annaly and its subsidiaries are focused on generating long term value to our shareholders and investors by utilizing strategies consistent with the markets we know best and capitalizing on opportunities to extend this expertise into new markets on a global basis.

## Annaly Capital's Investment Strategy

Annaly primarily invests in what we believe to be the premier asset-backed securities in the world—U.S. residential mortgage-backed securities (MBS) issued and guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae (Agency MBS). These securities carry actual or implied AAA ratings. Thus, we take virtually no credit risk. We enhance the return on our investment in these securities by using leverage. We seek to earn positive net interest income from the difference between the yield on our securities and the cost to finance them.



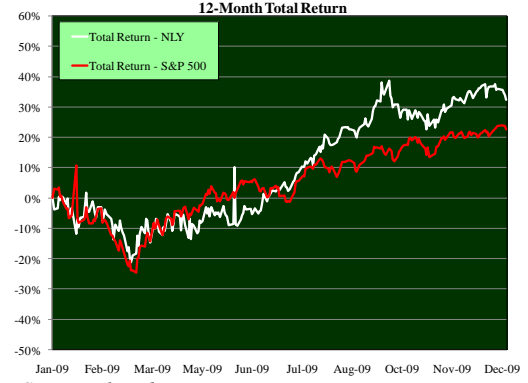
The primary risk of the investment strategy, interest rate risk, is managed through the Annaly MBS Barbell Strategy<sup>®</sup> through which the natural hedging characteristics of floating-rate, adjustable-rate, and fixed-rate securities are intended to enable us to perform through a wide range of interest rate environments. The hedging process occurs when, in general, a portion of our portfolio is expected to perform better in a rising interest rate environment via improved spread income and lower price volatility, and a portion of the portfolio is expected to perform better in a falling interest rate environment via capital gains.

## Core Strengths

- **Superior Credit Quality:** Annaly takes virtually no credit risk by primarily investing in Agency MBS that carry actual or implied AAA ratings.
- **Transparency:** All of our MBS are classified as “available for sale.” The entire portfolio is recorded at market value and announced quarterly.
- **Efficiency:** At Annaly we believe that managing the financing side of our strategy is just as important as the assets we choose. Due to the liquidity, efficiency and size we use the repurchase markets to finance the acquisition of our investments. Annaly also maintains one of the lowest expense ratios in the industry and our investment team does not take performance bonuses.
- **Diversified Asset Management:** Annaly adds shareholder value through its wholly-owned subsidiaries, FIDAC, Merganser and RCap. FIDAC is one of the leading fixed income management companies in the world specializing in interest rate and credit sensitive strategies as well as CDO liquidations. Merganser extends Annaly's asset management platform into traditional fixed income strategies for institutional clients. RCap (member: FINRA) is a self-clearing broker dealer. To learn more about Annaly's wholly-owned subsidiaries please visit our website.

## Stock Information

Exchange:	NYSE: NLY
Common Share Price:	\$17.35
52-Week Range (closing price):	\$12.50-\$19.67
Market Cap:	\$9.60 billion
Latest Quarterly Dividend:	\$0.75
Dividend Yield*:	17.29%
Book Value:	\$16.95



Source: Bloomberg

## Q4 2009 Highlights

As of December 31, 2009

- GAAP EPS of \$1.31 per share
- Core EPS of \$0.79 per share
- Total combined assets under management of Annaly and its subsidiaries of \$87.3 billion
  - Annaly's subsidiaries manage a combined \$19.3 billion in gross assets and \$11.4 billion in net assets
- Core return on average equity\* of 18.51%
- Dividend of \$0.75 per share
- Leverage stood at 5.7.0:1 at quarter end
- G&A as a percentage of assets equal to 0.21%

## Contact Information

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\*Based on annualization of Q4 dividend and a closing price of \$17.35 on December 31, 2009.

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