



# THE ANNALY FAMILY OF COMPANIES

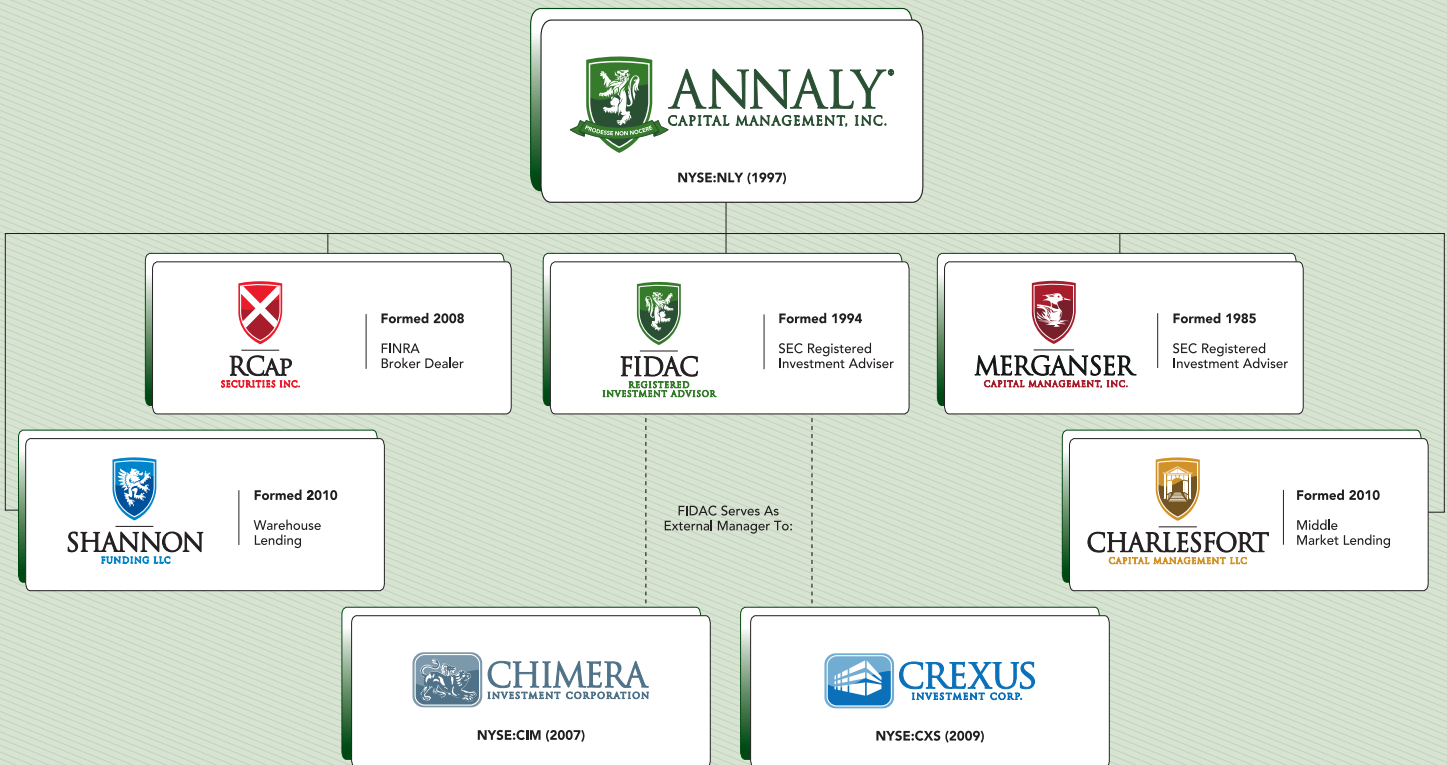
## Hub and Spoke Business Model

"We benefit from the business diversification and investment opportunities in asset management and capital markets, and we derive invaluable perspective and market intelligence from our subsidiaries and the businesses they manage."

**Michael A.J. Farrell**  
Chairman, CEO and President

Annaly, its subsidiaries and affiliates 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. This diversity sets Annaly apart in the REIT sector.

Source: 2010 Annual Shareholders Letter





## Annaly Capital Management, Inc.

Annaly Capital Management, Inc. (Annaly) manages a portfolio of primarily Agency mortgage-backed securities. Annaly's principal business objective is to generate net income for distribution to investors from its mortgage-backed securities and from dividends it receives from its subsidiaries. Annaly has elected to be taxed as a real estate investment trust (REIT) and is therefore required to distribute at least 90% of taxable earnings to its shareholders on an annual basis.

Virtually all of the investment securities owned by Annaly are issued and guaranteed by U.S. Government Agencies and carry an actual or implied AAA rating. Annaly structures its portfolio using a combination of adjustable-, floating-, and fixed-rate mortgage-backed securities designed to perform through a wide range of interest rate environments and employs leverage to enhance its returns.



## FIDAC

FIDAC is a wholly-owned subsidiary of Annaly Capital Management, Inc. Formed in 1994 by Michael Farrell and acquired by Annaly in 2004, FIDAC is a SEC registered investment advisor. FIDAC specializes in managing residential and commercial mortgage loans and securities, CDO liquidations and provides other financial services. The team that manages Annaly plays the same roles at FIDAC. FIDAC's team of investment professionals has built a successful long-term track record through some of the most challenging fixed-income markets in memory.

As a service provider to the public and private markets, FIDAC manages various investment vehicles including serving as external manager for Chimera Investment Corporation (NYSE:CIM) and Crexus Investment Corp. (NYSE:CXS)



## Chimera Investment Corporation

Chimera Investment Corporation (Chimera) acquires and manages residential mortgage-backed securities, residential mortgage loans, real estate-related securities and various other asset classes. Launched in November 2007, Chimera is a real estate investment trust (REIT) that is externally managed by FIDAC, a wholly-owned subsidiary of Annaly Capital Management, Inc.



## Crexus Investment Corp.

Crexus Investment Corp. (Crexus) acquires, manages and finances commercial mortgage debt including commercial real estate loans, commercial mortgage-backed securities and other commercial real-estate related assets. Launched in September 2009, Crexus is a real estate investment trust (REIT) that is externally managed by FIDAC, a wholly-owned subsidiary of Annaly Capital Management, Inc.



## Merganser Capital Management, Inc.

Merganser Capital Management, Inc. (Merganser) is a wholly-owned subsidiary of Annaly Capital Management, Inc. Formed in 1985 and acquired by Annaly in 2008, Merganser is a SEC registered investment advisor and fixed-income manager.

Merganser focuses on serving the fixed-income needs of institutional clients including pension, public operating, Taft-Hartley and endowment funds. In addition to offering cash enhancement, short-term bond, intermediate bond and core bond strategies, Merganser develops customized product portfolios for its clients.



## RCap Securities, Inc.

RCap Securities, Inc. (RCAP) is a wholly-owned subsidiary of Annaly Capital Management, Inc. Founded by Annaly in 2008, RCap is a FINRA-regulated self clearing broker-dealer.

RCap operates a matched book, securities lending and repurchase business of predominantly U.S. Agency mortgage-backed securities and Treasury securities. Additionally, RCap is approved to conduct businesses as proprietary trading of debt securities, private placement of securities, underwriting and broker-dealer selling interests in mortgages or other receivables.



## Shannon Funding LLC

Shannon Funding LLC (Shannon Funding) is a wholly-owned subsidiary of Annaly Capital Management, Inc. Founded by Annaly in 2010, Shannon Funding provides mortgage warehouse financing to mid-tier originators in the U.S.



## Charlesfort Capital Management LLC

Charlesfort Capital Management LLC (Charlesfort) is a wholly-owned subsidiary of Annaly Capital Management, Inc. Charlesfort provides customized debt financing to middle-market businesses, focused principally on the direct origination of senior secured, second lien and mezzanine debt that meet its risk/return parameters. Charlesfort's direct origination efforts primarily target private equity sponsors to source financing opportunities. Charlesfort will also source debt products by participating with other lenders in club and syndicated transactions.

*The information contained herein is intended for informational purposes only and should not be construed as an offer to sell, nor a solicitation of an offer to buy, any securities of Annaly, or any other company.*