



ANNALY
CAPITAL MANAGEMENT, INC.

1Q 2013 Stockholder Supplement

May 1, 2013

Safe Harbor Notice

This presentation, other written or oral communications and our public documents to which we refer contain or incorporate by reference certain 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," or similar terms or 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, changes in interest rates; changes in the yield curve; changes in prepayment rates; the availability of mortgage-backed securities for purchase; the availability of financing and, if available, the terms of any financings; changes in the market value of our assets; changes in business conditions and the general economy; our ability to integrate the commercial mortgage business; our ability to consummate any contemplated investment opportunities; risks associated with the businesses of our subsidiaries, including the investment advisory business of our wholly-owned subsidiaries, including: the removal by clients of assets managed, their regulatory requirements, and competition in the investment advisory business; risks associated with the broker-dealer business of our wholly-owned subsidiary; changes in government regulations affecting our business; our ability to maintain our qualification as a REIT for federal income tax purposes; and our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended.

For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. We do not undertake, and specifically disclaim any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.



Summary Performance

Unaudited, dollars in thousands except per share amounts

	For the quarters ended		
	March 31, 2013	March 31, 2012	December 31, 2012
Total interest income	\$737,217	\$854,895	\$756,661
Total economic interest expense ⁽¹⁾	403,066	352,685	413,646
Economic net interest income ⁽¹⁾	\$334,151	\$502,210	\$343,015
Net income (loss)	\$870,278	\$901,806	\$700,495
Net income (loss) available (related) to common shareholders	852,286	897,868	680,778
Earnings per common share	\$0.90	\$0.92	\$0.70
Adjusted net income (loss) ⁽²⁾	\$464,417	\$529,290	\$465,101
Adjusted net income (loss) available (related) to common shareholders ⁽²⁾	446,425	525,352	445,384
Adjusted earnings per common share ⁽²⁾	\$0.47	\$0.54	\$0.46
Dividends declared per common share	\$0.45	\$0.55	\$0.45
Annualized return on average equity	22.29%	22.73%	16.97%
Annualized adjusted return on average equity ⁽²⁾	11.90%	13.34%	11.27%
Common stock book value per share	\$15.19	\$16.18	\$15.85
Leverage	6.6x	5.8x	6.5x
Total Agency mortgage-backed securities and debentures	\$112,226,950	\$111,790,839	\$126,972,775
Annualized yield on average interest-earning assets	2.37%	3.23%	2.45%
Annualized cost of funds on average interest-bearing liabilities	1.46%	1.52%	1.50%
Annualized Interest rate spread	0.91%	1.71%	0.95%
Weighted average three-month constant prepayment rate (CPR)	18%	19%	19%

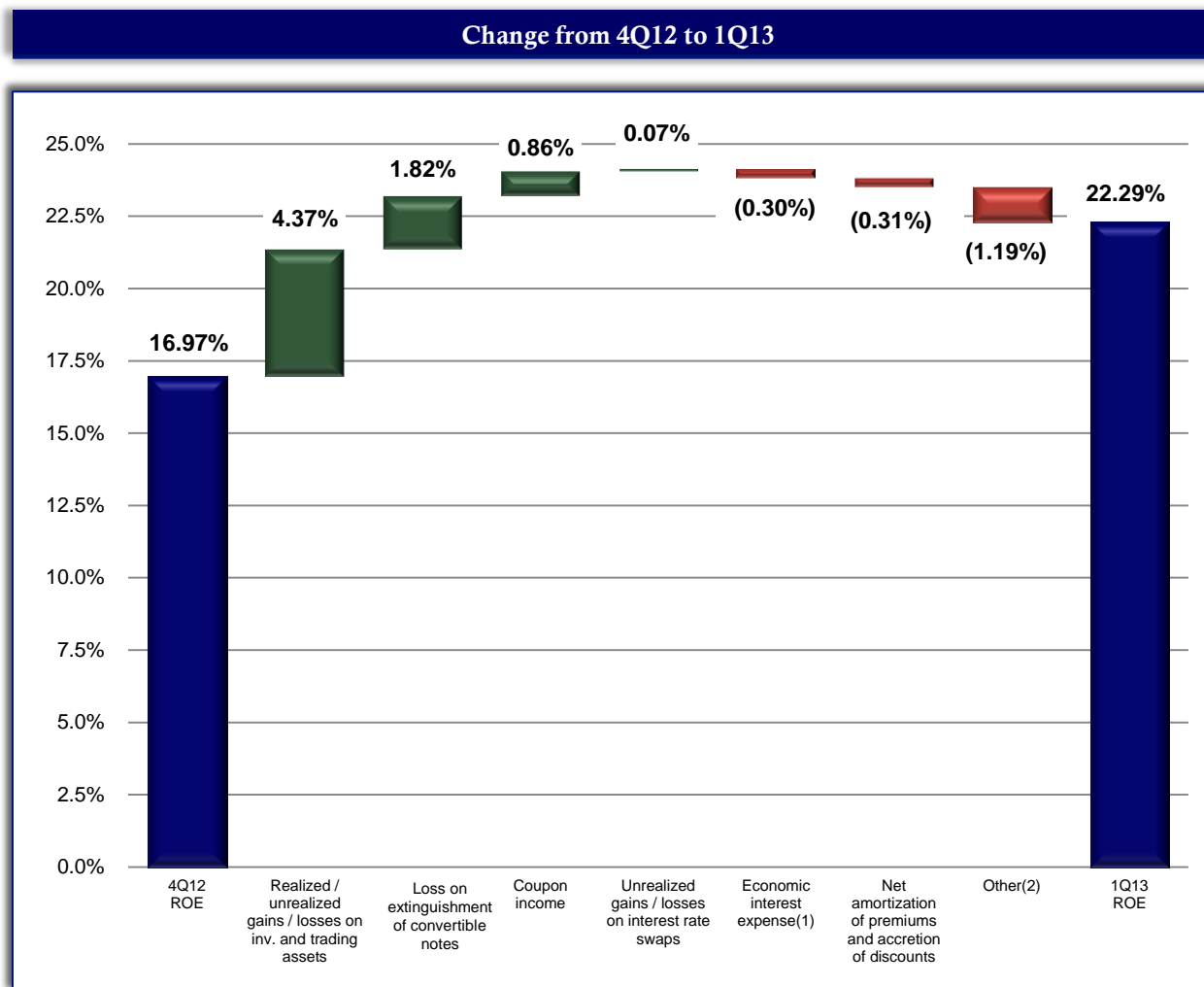
(1) Includes realized gains / losses on interest rate swaps.

(2) Adjusted net income excludes unrealized gains or losses on interest rate swaps and Agency interest-only mortgage-backed securities and net loss on extinguishment of the 4% Convertible Notes.



Annualized Return on Average Equity

Unaudited



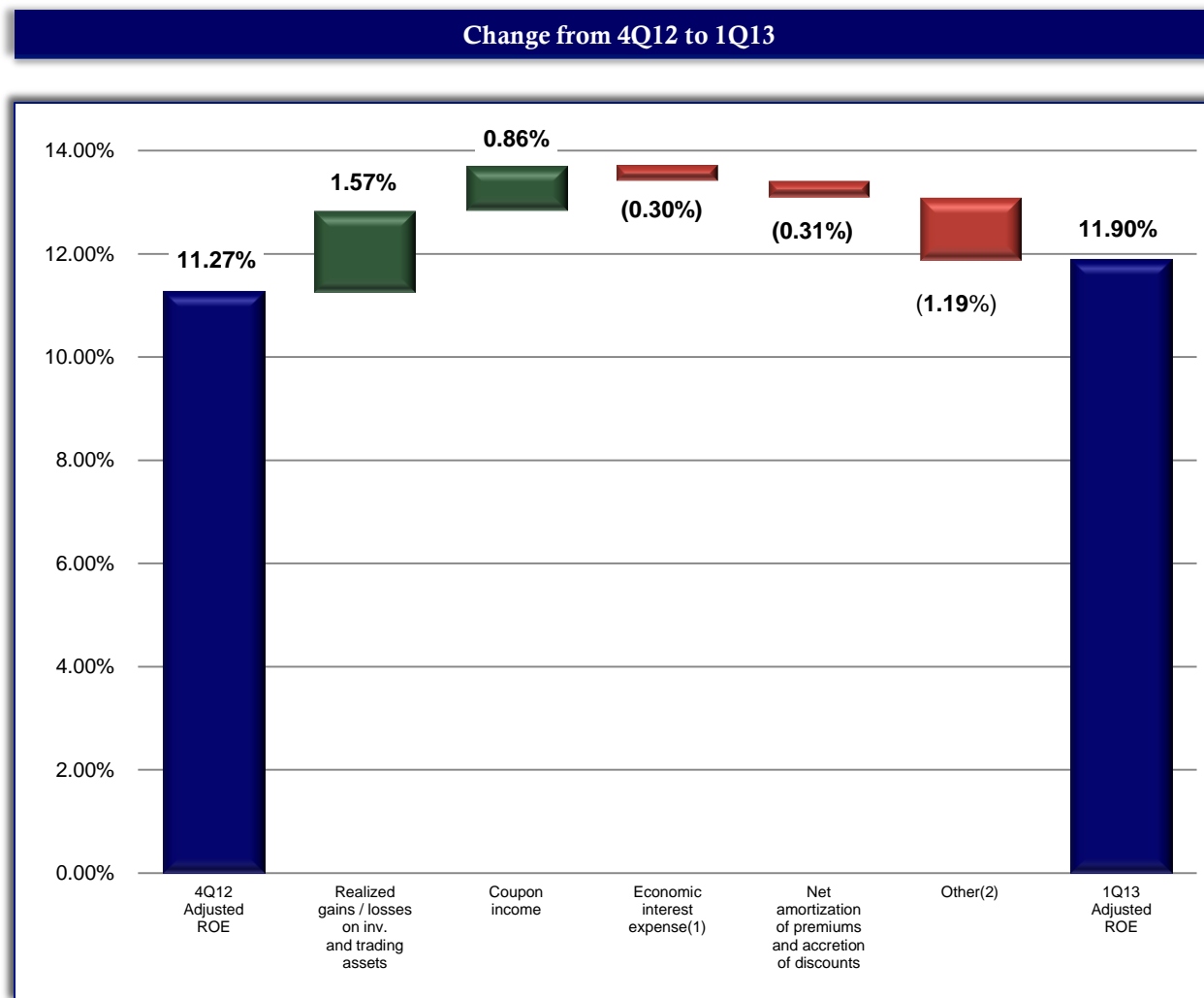
Note: Graph shows relative changes in contribution from 4Q12 to 1Q13. For example, no loss on extinguishment of convertible notes was recognized in 1Q13 so annualized ROE increased by 1.82% in 1Q13 versus 4Q12.

(1) Includes realized gains / losses on interest rate swaps.

(2) All other items include investment advisory and other fee income, dividend income from affiliates, general and administrative expenses, realized gains / losses on termination of interest rate swaps and income taxes.

Annualized Adjusted Return on Average Equity

Unaudited



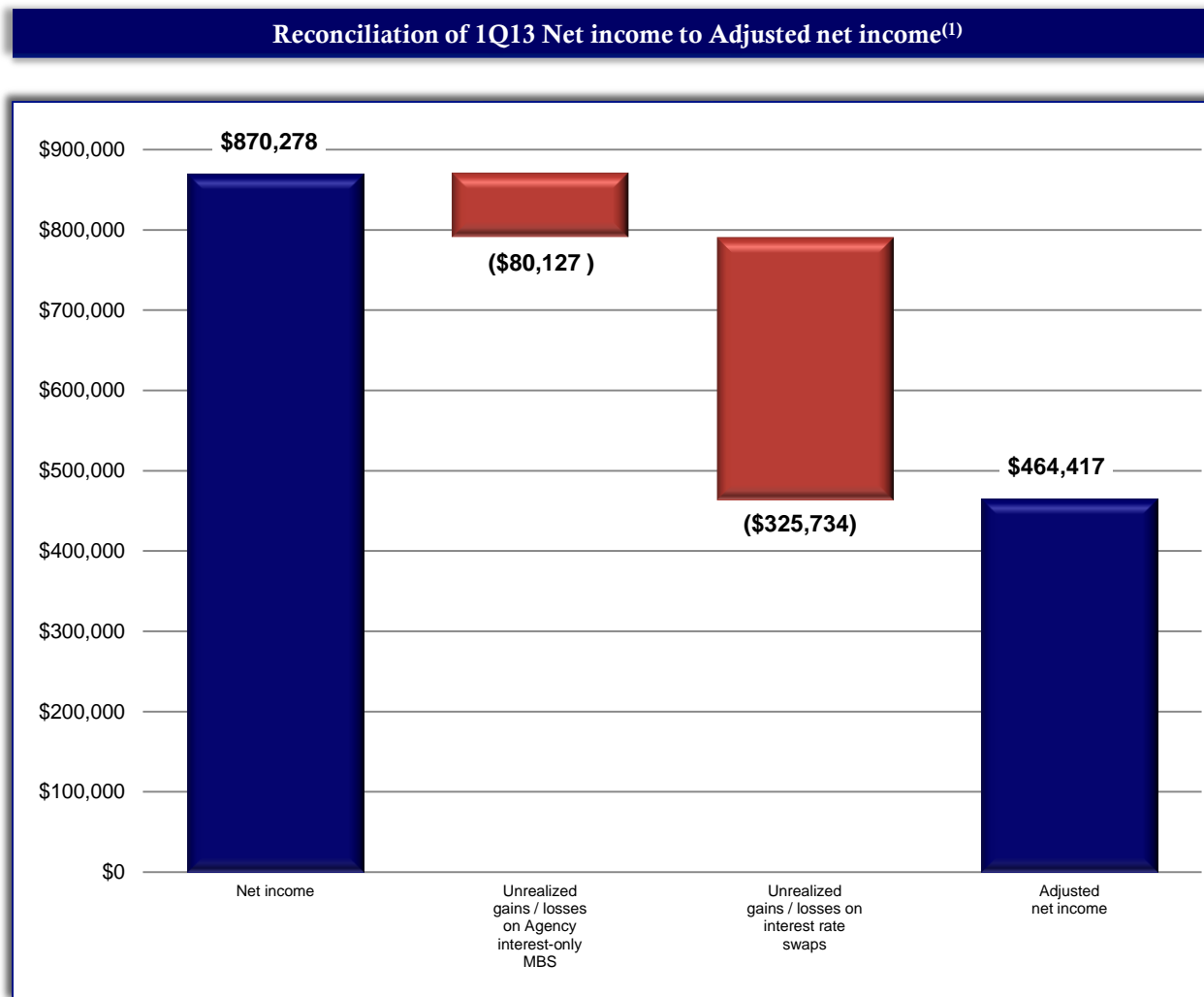
Note: Graph shows relative changes in contribution from 4Q12 to 1Q13. For example, economic interest expense decreased annualized adjusted ROE by 0.30% more in 1Q13 than it did in 4Q12.

(1) Includes realized gains / losses on interest rate swaps.

(2) All other items include investment advisory and other fee income, dividend income from affiliates, general and administrative expenses, realized gains / losses on termination of interest rate swaps and income taxes.

Adjusted Net Income

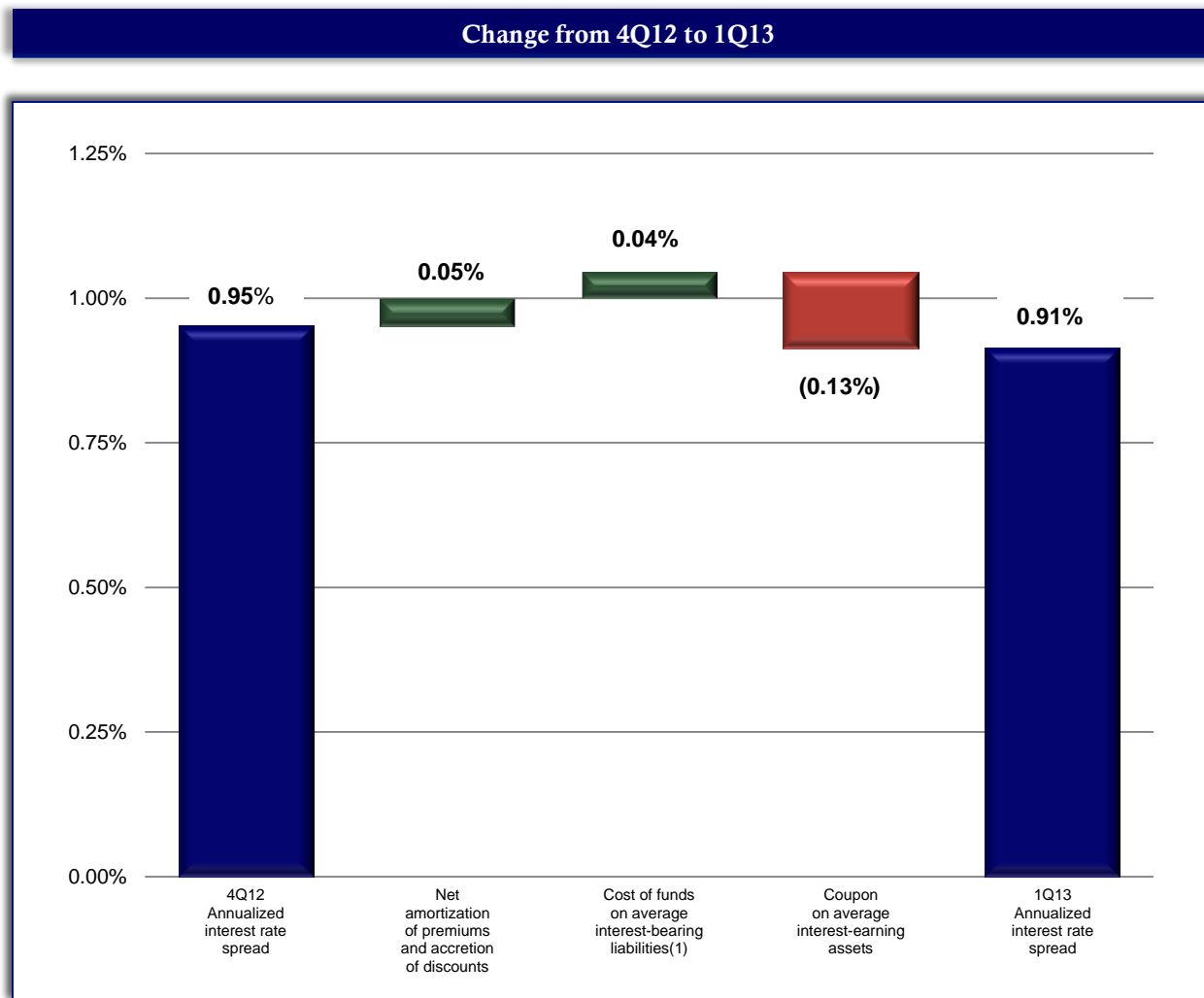
Unaudited, dollars in thousands



(1) Adjusted net income excludes unrealized gains or losses on interest rate swaps and Agency interest-only mortgage-backed securities.

Annualized Interest Rate Spread

Unaudited



Note: Graph shows relative changes in contribution from 4Q12 to 1Q13. For example, net amortization of premiums and accretion of discounts decreased annualized interest rate spread by 0.05% less in 1Q13 than it did in 4Q12.

(1) Includes realized gains / losses on interest rate swaps.

Common Equity

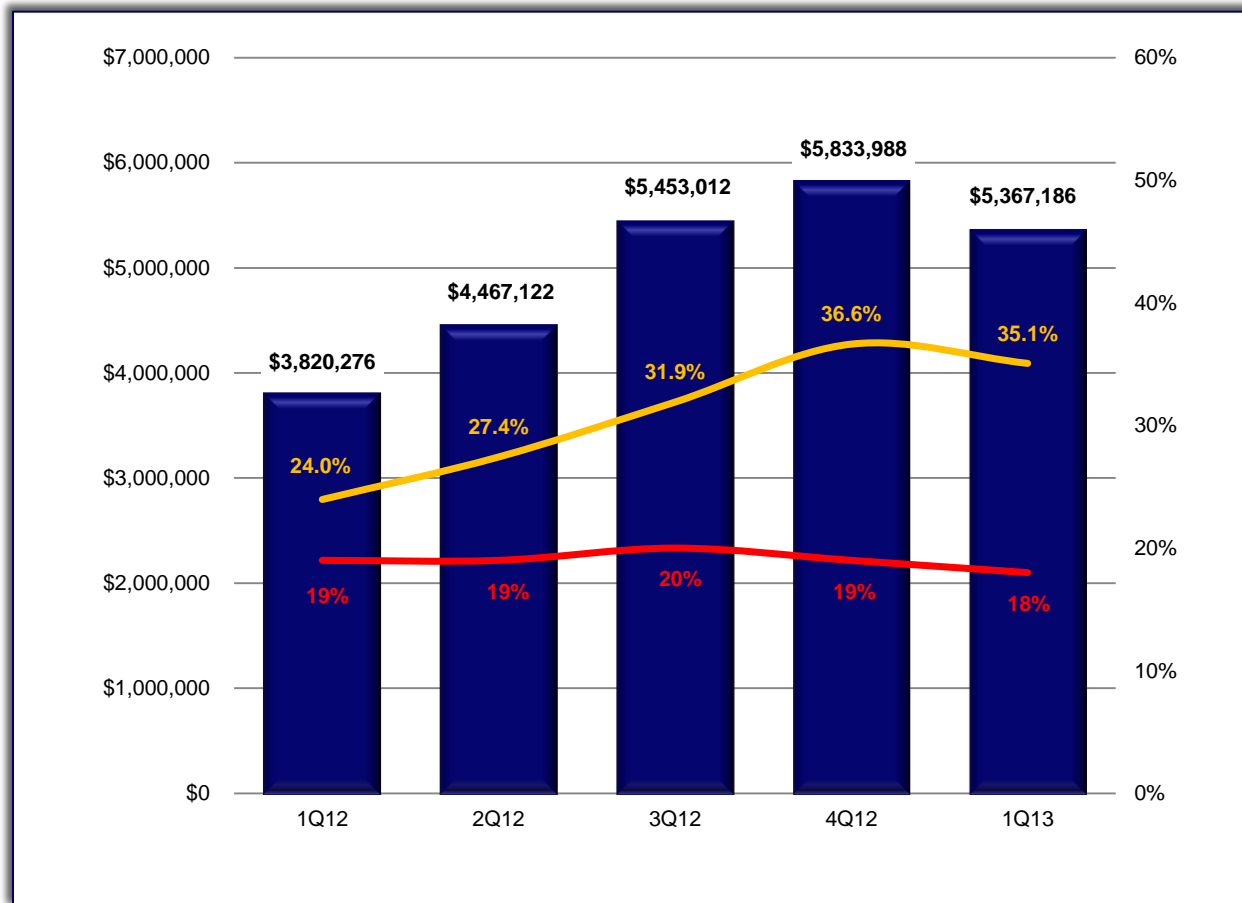
Unaudited, numbers in thousands except per share amounts

Change from 4Q12 to 1Q13			
	Balance	Common Shares Outstanding	Book Value per Share
December 31, 2012 common equity	\$15,011,385	947,213	\$15.85
Net income	870,278		
Other comprehensive income (loss)	(1,049,994)		
Contingent beneficial conversion feature on 4% Convertible Senior Notes	3,963		
Preferred dividends declared	(17,992)		
Common dividends declared	(426,173)		
Common equity balance prior to common stock transactions	\$14,391,467	947,213	\$15.19
Exercise of stock options and net proceeds from direct purchase and dividend reinvestment	1,026	70	
Stock option expense and long-term compensation expense	817	10	
March 31, 2013 common equity	\$14,393,310	947,293	\$15.19



Agency MBS Portfolio Net Premium and Discount Balance and Constant Prepayment Rate

Unaudited, dollars in thousands



Net premium and discount balance

Weighted average three-month
constant prepayment rate

Net premium and discount balance
as % of stockholders' equity



Interest Rate Swaps and Repurchase Agreements as of March 31, 2013

Unaudited, dollars in thousands

Interest Rate Swaps				
Maturity	Current Notional	Weighted Avg. Pay Rate	Weighted Avg. Receive Rate	Weighted Avg. Years to Maturity
0-3 years	\$21,729,950	2.08%	0.22%	2.14
3-6 years	16,047,600	1.60%	0.24%	3.96
6-10 years	6,450,000	2.47%	0.25%	7.58
Greater than 10 years	3,995,250	3.39%	0.23%	19.27
Total/Weighted Avg.	\$48,222,800	2.08%	0.23%	4.89

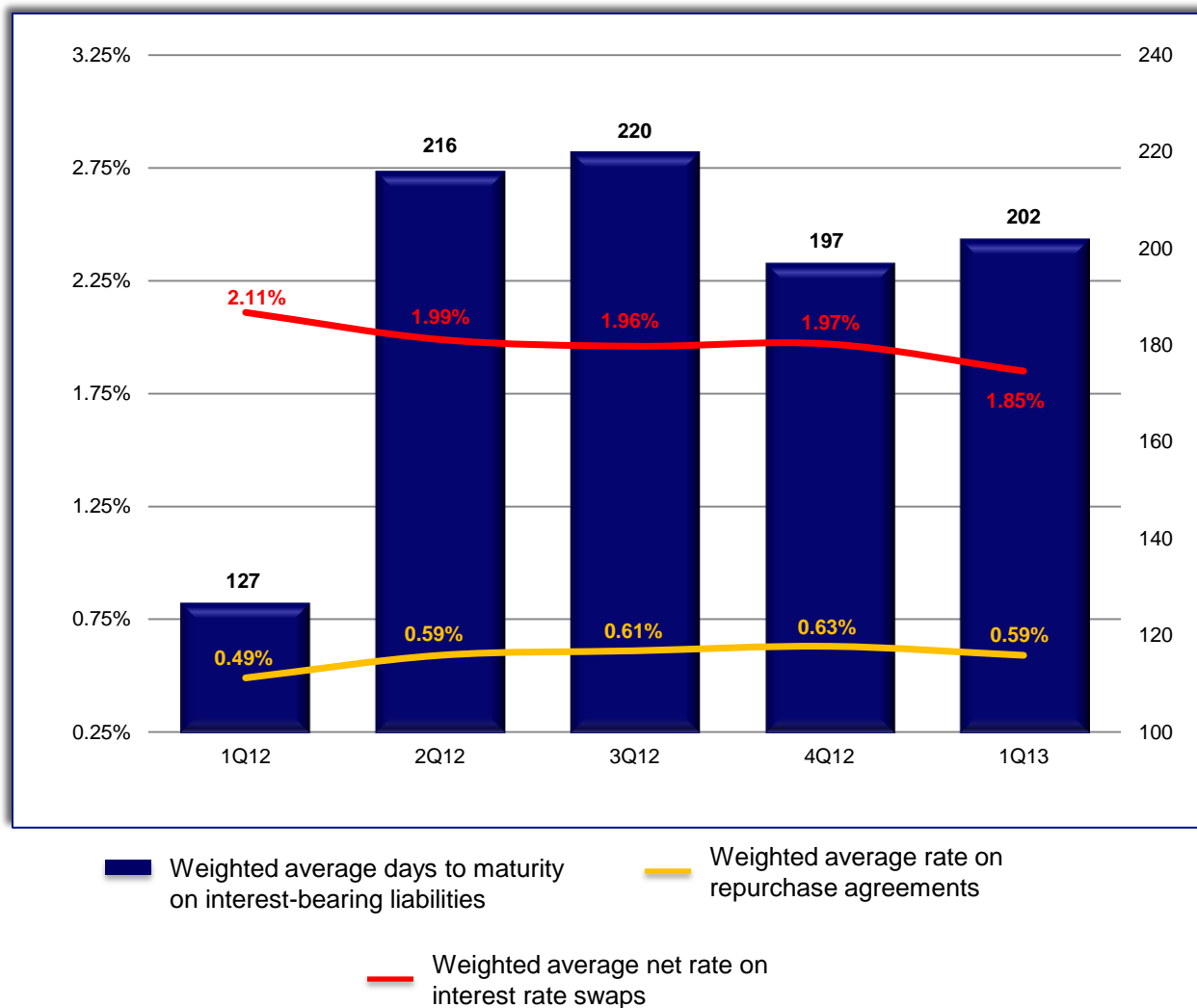
Repurchase Agreements		
Maturity	Principal Balance	Weighted Avg. Rate
Within 30 days	\$33,115,680	0.43%
30 to 59 days	13,129,666	0.44%
60 to 89 days	8,705,572	0.36%
90 to 119 days	11,103,023	0.47%
Over 120 days ⁽¹⁾	34,269,001	0.91%
Total / Weighted Avg.	\$100,322,942	0.59%

(1) Of the total repurchase agreements, approximately 11% have a remaining maturity over one year.



Interest Rate and Liability Management

Unaudited



Note: Rates do not take into consideration outstanding Convertible Senior Notes.



Agency MBS and Debentures Overview as of March 31, 2013

Unaudited, dollars in thousands

Agency Fixed-Rate Securities								
Weighted Avg. Years to Maturity	Current Face Value	%	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Subject to HARP	Weighted Avg. 3-month CPR	Estimated Fair Value
<=15 years	\$2,640,347	3.0%	4.07%	103.9%	106.8%	17.1%	21.7%	\$2,820,193
20 years	10,961,060	12.3%	3.66%	104.4%	106.4%	1.2%	15.3%	11,659,344
>=30 years	74,889,878	84.3%	4.02%	105.0%	106.7%	8.1%	17.9%	79,912,287
Callables	340,798	0.4%	2.65%	99.4%	99.5%	0.0%	0.0%	338,959
Total/Weighted Avg. ⁽¹⁾	\$88,832,083	100.0%	3.97%	104.9%	106.6%	7.5%	17.7%	\$94,730,783

Agency Adjustable-Rate Securities								
Weighted Avg. Months to Reset	Current Face Value	%	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Subject to HARP	Weighted Avg. 3-month CPR	Estimated Fair Value
0-24 months	\$2,905,860	34.3%	3.25%	100.3%	105.4%	96.5%	20.6%	\$3,062,007
25-40 months	343,727	4.1%	4.14%	101.8%	104.9%	23.6%	31.8%	360,093
41-60 months	649,708	7.7%	5.15%	101.2%	107.2%	62.9%	37.8%	695,381
61-90 months	351,962	4.2%	4.26%	103.0%	106.9%	11.7%	36.6%	376,348
>90 months	563,530	6.7%	3.53%	103.2%	105.3%	0.0%	28.8%	593,138
Step-Ups	3,633,125	43.0%	2.23%	99.9%	100.0%	0.0%	0.0%	3,631,320
Total/Weighted Avg. ⁽¹⁾	\$8,447,912	100.0%	3.05%	100.6%	103.3%	69.3%	25.8%	\$8,718,287

(1) Weighted averages for % originated pre-June 2009 and three-month CPR exclude Callables and Step-Up securities.



Agency MBS and Debentures Overview as of March 31, 2013 (cont'd.)

Unaudited, dollars in thousands

Agency Fixed-Rate and Floating-Rate Collateralized Mortgage-Backed Obligations								
Type	Current Face Value	%	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Subject to HARP	Weighted Avg. 3-month CPR	Estimated Fair Value
Fixed-Rate	\$7,658,836	99.8%	3.95%	102.5%	104.8%	19.3%	28.9%	\$8,022,717
Floating-Rate	12,959	0.2%	0.70%	99.0%	97.2%	100.0%	16.9%	12,590
Total/Weighted Avg.	\$7,671,795	100.0%	3.94%	102.5%	104.8%	19.4%	28.9%	\$8,035,307

Agency Interest-Only Collateralized Mortgage-Backed Obligations								
Type	Current Notional Value	%	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Subject to HARP	Weighted Avg. 3-month CPR	Estimated Fair Value
Interest-Only	\$5,612,407	94.6%	3.83%	13.3%	12.2%	17.5%	18.6%	\$682,332
Inverse Interest-Only	319,915	5.4%	6.28%	19.1%	18.8%	0.0%	15.6%	60,241
Total/Weighted Avg.	\$5,932,322	100.0%	3.96%	13.6%	12.6%	16.6%	18.4%	\$742,573



Agency Fixed-Rate Portfolio Not Subject to HARP

Unaudited, dollars in thousands

<=15 Years Weighted Average Maturity					
Type	Current Face Value	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-month CPR
Generic	\$1,810,054	3.90%	103.8%	106.9%	23.9%
Loan Balance <=\$175k	264,800	3.15%	105.2%	106.1%	3.6%
Loan-to-Value >=81	105,749	3.00%	106.0%	106.0%	6.1%
100% Investor Owned	-	-	-	-	-
Jumbo Conforming	8,674	4.00%	104.1%	105.0%	22.4%
Weighted Average		3.77%	104.1%	106.8%	20.6%

20 Years Weighted Average Maturity					
Type	Current Face Value	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-month CPR
Generic	\$10,185,084	3.65%	104.3%	106.3%	15.3%
Loan Balance <=\$175k	463,568	3.55%	106.4%	107.1%	13.5%
Loan-to-Value >=81	180,320	3.54%	106.0%	106.7%	8.8%
100% Investor Owned	-	-	-	-	-
Jumbo Conforming	-	-	-	-	-
Weighted Average		3.64%	104.4%	106.3%	15.1%

>=30 Years Weighted Average Maturity					
Type	Current Face Value	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-month CPR
Generic	\$24,045,503	3.98%	104.1%	106.3%	21.0%
Loan Balance <=\$175k	11,338,474	3.73%	106.4%	107.2%	8.9%
Loan-to-Value >=81	21,370,804	3.80%	106.6%	107.1%	7.1%
100% Investor Owned	4,665,667	3.94%	106.2%	107.0%	18.4%
Jumbo Conforming	7,705,159	3.86%	102.4%	104.3%	35.4%
Weighted Average		3.87%	105.2%	106.5%	16.1%

Note: Portfolio data as of March 31, 2013. Certain securities are classified under more than one category.



Agency Fixed-Rate Portfolio Subject to HARP

Unaudited, dollars in thousands

<=15 Years Weighted Average Maturity					
Type	Current Face Value	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-month CPR
Generic	\$351,393	5.45%	102.7%	107.0%	29.4%
Loan Balance <=\$175k	99,677	5.68%	102.8%	107.3%	19.7%
Loan-to-Value >=81	-	-	-	-	-
100% Investor Owned	-	-	-	-	-
Jumbo Conforming	-				
Weighted Average		5.50%	102.7%	107.1%	27.3%

20 Years Weighted Average Maturity					
Type	Current Face Value	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-month CPR
Generic	\$130,089	5.55%	103.1%	109.0%	29.4%
Loan Balance <=\$175k	-	-	-	-	-
Loan-to-Value >=81	-	-	-	-	-
100% Investor Owned	-	-	-	-	-
Jumbo Conforming	-	-	-	-	-
Weighted Average		5.55%	103.1%	109.0%	29.4%

>=30 Years Weighted Average Maturity					
Type	Current Face Value	Weighted Avg. Coupon	Weighted Avg. Amortized Cost	Weighted Avg. Fair Value	Weighted Avg. 3-month CPR
Generic	\$3,645,413	5.77%	101.5%	108.1%	39.9%
Loan Balance <=\$175k	1,377,727	5.54%	104.0%	110.9%	32.6%
Loan-to-Value >=81	925,291	6.29%	101.8%	110.4%	39.6%
100% Investor Owned	1,017	7.00%	106.2%	114.9%	0.0%
Jumbo Conforming	342,697	5.48%	103.3%	106.4%	37.9%
Weighted Average		5.78%	102.2%	109.0%	38.1%

Note: Portfolio data as of March 31, 2013. Certain securities are classified under more than one category.



Last Five Quarters Summary Data

Unaudited, dollars in thousands except per share amounts

	For the quarters ended				
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Net income (loss) per share:					
Net income (loss)	\$0.90	\$0.70	\$0.22	(\$0.10)	\$0.92
Adjusted net income (loss) ⁽¹⁾	\$0.47	\$0.46	\$0.45	\$0.55	\$0.54
Dividends declared per common share	\$0.45	\$0.45	\$0.50	\$0.55	\$0.55
Total common and preferred dividends declared	\$444,165	\$451,870	\$496,606	\$542,406	\$538,338
Annualized interest rate spread during the quarter:					
Annualized yield on average interest-earning assets	2.37%	2.45%	2.54%	3.04%	3.23%
Annualized cost of funds on average interest-bearing liabilities	1.46%	1.50%	1.52%	1.50%	1.52%
Annualized Interest rate spread	0.91%	0.95%	1.02%	1.54%	1.71%
Leverage	6.6x	6.5x	6.0x	6.0x	5.8x
Common stock book value per share	\$15.19	\$15.85	\$16.60	\$16.23	\$16.18
Annualized return on average equity:					
Net income (loss)	22.29%	16.97%	5.39%	(2.26%)	22.73%
Adjusted net income (loss) ⁽¹⁾	11.90%	11.27%	10.78%	13.56%	13.34%

(1) Adjusted net income excludes unrealized gains or losses on interest rate swaps and Agency interest-only mortgage-backed securities and net loss on extinguishment of the 4% Convertible Notes.



Last Five Quarters Summary Data

Unaudited, dollars in thousands

	For the quarters ended				
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Total Agency mortgage-backed securities and debentures	\$112,226,950	\$126,972,775	\$132,533,252	\$119,751,155	\$111,790,839
% Fixed-rate	92%	93%	93%	92%	91%
% Adjustable-rate	8%	7%	7%	7%	8%
% Floating-rate	0%	0%	0%	1%	1%
Weighted-average three-month constant prepayment rate (CPR)	18%	19%	20%	19%	19%
Net premium and discount balance in Agency MBS portfolio	\$5,367,186	\$5,833,988	\$5,453,012	\$4,467,122	\$3,820,276
Net premium and discount balance as % of stockholders' equity	35.1%	36.6%	31.9%	27.4%	24.0%
Weighted-average purchase price	103.9%	103.8%	103.7%	103.2%	102.9%
Weighted average days to maturity of interest-bearing liabilities	202	197	220	216	127
Weighted average rate on repurchase agreements	0.59%	0.63%	0.61%	0.59%	0.49%
Notional amount of interest rate swaps as a % of Inv. Securities	46%	40%	38%	41%	40%
Weighted average pay rate on interest swaps	2.08%	2.21%	2.23%	2.29%	2.42%
Weighted average receive rate on interest swaps	0.23%	0.24%	0.27%	0.30%	0.31%
Weighted average net rate on interest swaps	1.85%	1.97%	1.96%	1.99%	2.11%

