



ANNALY®

Investor Day
November 16, 2017

Safe Harbor Notice

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Past performance is no guarantee of future results. There is no guarantee that any investment strategy referenced herein will work under all market conditions. Prior to making any investment decision, you should evaluate your ability to invest for the long-term, especially during periods of downturns in the market. You alone assume the responsibility of evaluating the merits and risks associated with any potential investment or investment strategy referenced herein. To the extent that this material contains reference to any past specific investment recommendations or strategies which were or would have been profitable to any person, it should not be assumed that recommendations made in the future will be profitable or will equal the performance of such past investment recommendations or strategies.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including core earnings metrics, which are presented both inclusive and exclusive of the premium amortization adjustment (“PAA”). The Company believes its non-GAAP financial measures are useful for management, investors, analysts, and other interested parties in evaluating the Company’s performance but should not be viewed in isolation and are not a substitute for financial measures computed in accordance with U.S. generally accepted accounting principles (“GAAP”). In addition, the Company may calculate its non-GAAP metrics, which include core earnings and the PAA, differently than its peers making comparative analysis difficult. Please see the section entitled “Non-GAAP Reconciliations” in the attached Appendix for a reconciliation to the most directly comparable GAAP financial measures.

Agenda

Session 1 - Introduction

Special Guest Speaker

Tom Brokaw

CEO Overview

Kevin Keyes

Chief Executive Officer and President

Session 2 – Overview of Annaly Businesses

Agency

David Finkelstein

Chief Investment Officer

Ilker Ertas

Head of Residential Mortgage-Backed Securities

Residential Credit

David Finkelstein

Chief Investment Officer

Michael Fania

Head of Residential Credit

Break

Commercial Real Estate

Michael Quinn

Head of Annaly Commercial Real Estate Group, Inc.

Steve Campbell

Chief Operating Officer of Annaly Commercial Real Estate Group, Inc.

Middle Market Lending

Tim Coffey

Chief Credit Officer

Peter Dancy

Head of Annaly Middle Market Lending LLC

Session 3 – Capital Allocation and Financial Performance

Capital Allocation

Brooke Carillo

Head of Corporate Development and Strategy

V.S. Srinivasan

Managing Director, Agency and Residential Credit

Financial Performance

Glenn Votek

Chief Financial Officer

Souren Ouzounian

Deputy Chief Financial Officer and Treasurer

ANNALY[®] | CEO Overview

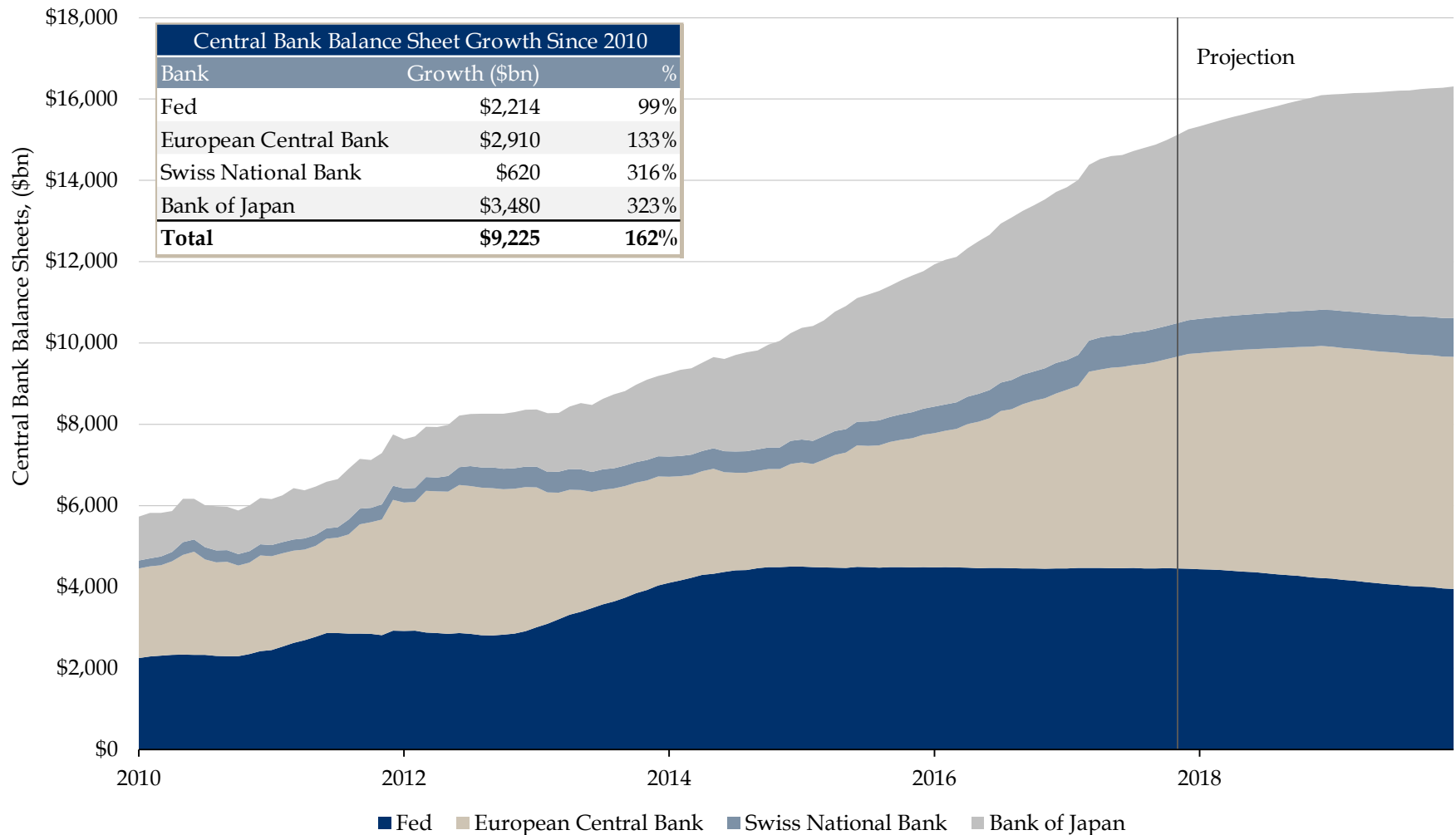
- 1 The Yield-Less World**
- 2 Three Major Questions Answered
- 3 Annaly Advantages
- 4 Performance & Relative Value
- 5 Annaly's Opportunity

The Yield-Less World



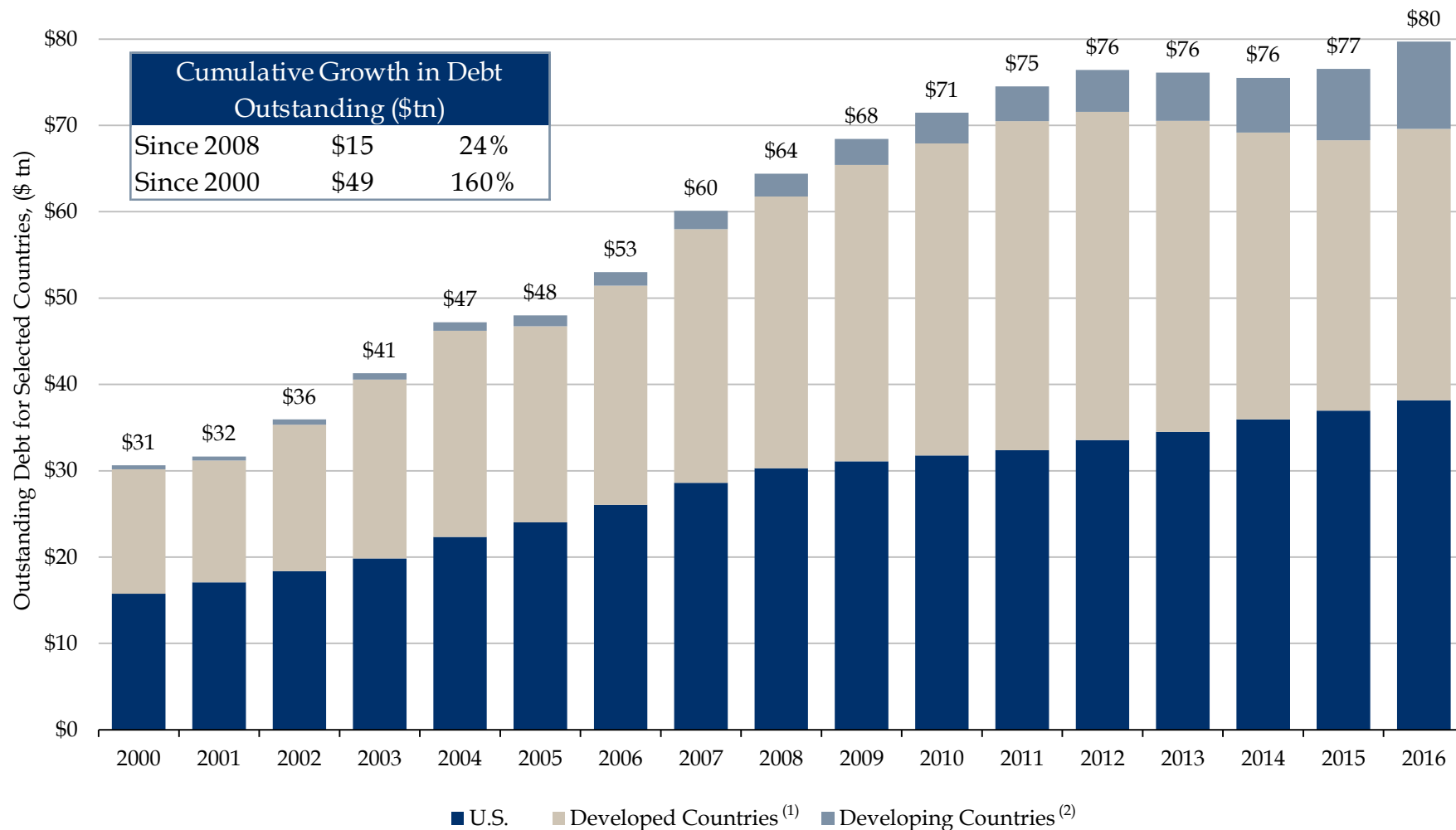
1 Global Central Bank Accommodation

Global central bank balance sheets expected to continue to grow



Source: Bloomberg market data as of November 8, 2017. Projections were developed by Annaly based on public central bank guidance.

Global debt has more than doubled since 2000



Source: Bank for International Settlements.

(1) Developed countries excludes the United States ("U.S.") and includes France, Germany, Italy, Spain, the United Kingdom ("U.K."), Japan and Canada.

(2) Developing countries includes the Kingdom of Saudi Arabia, the People's Republic of China ("China"), the Russian Federation ("Russia"), and the Argentine Republic ("Argentina").

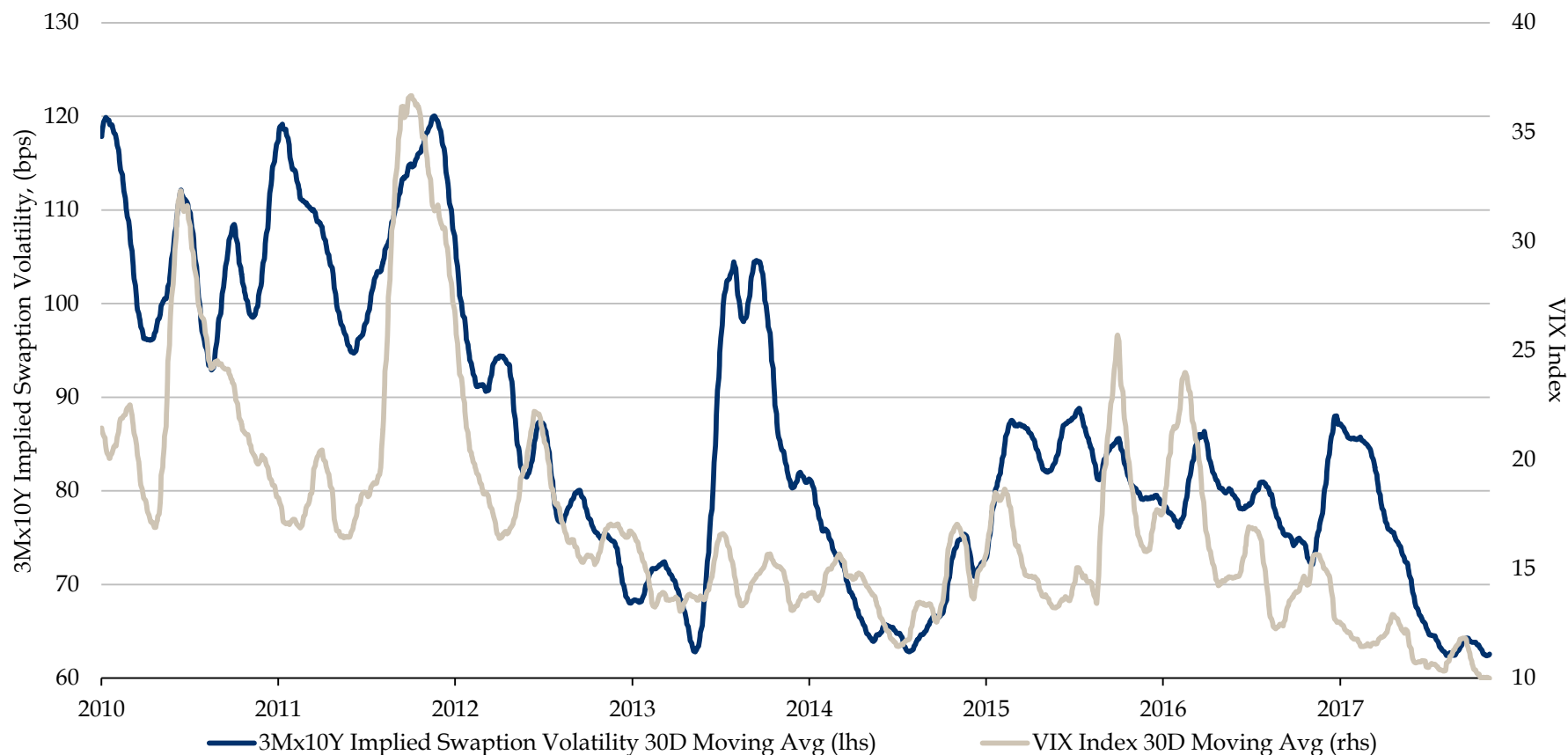
A number of factors continue to drive volatility lower

Large Central Bank Balance
Sheets

Improved Central Bank
Transparency

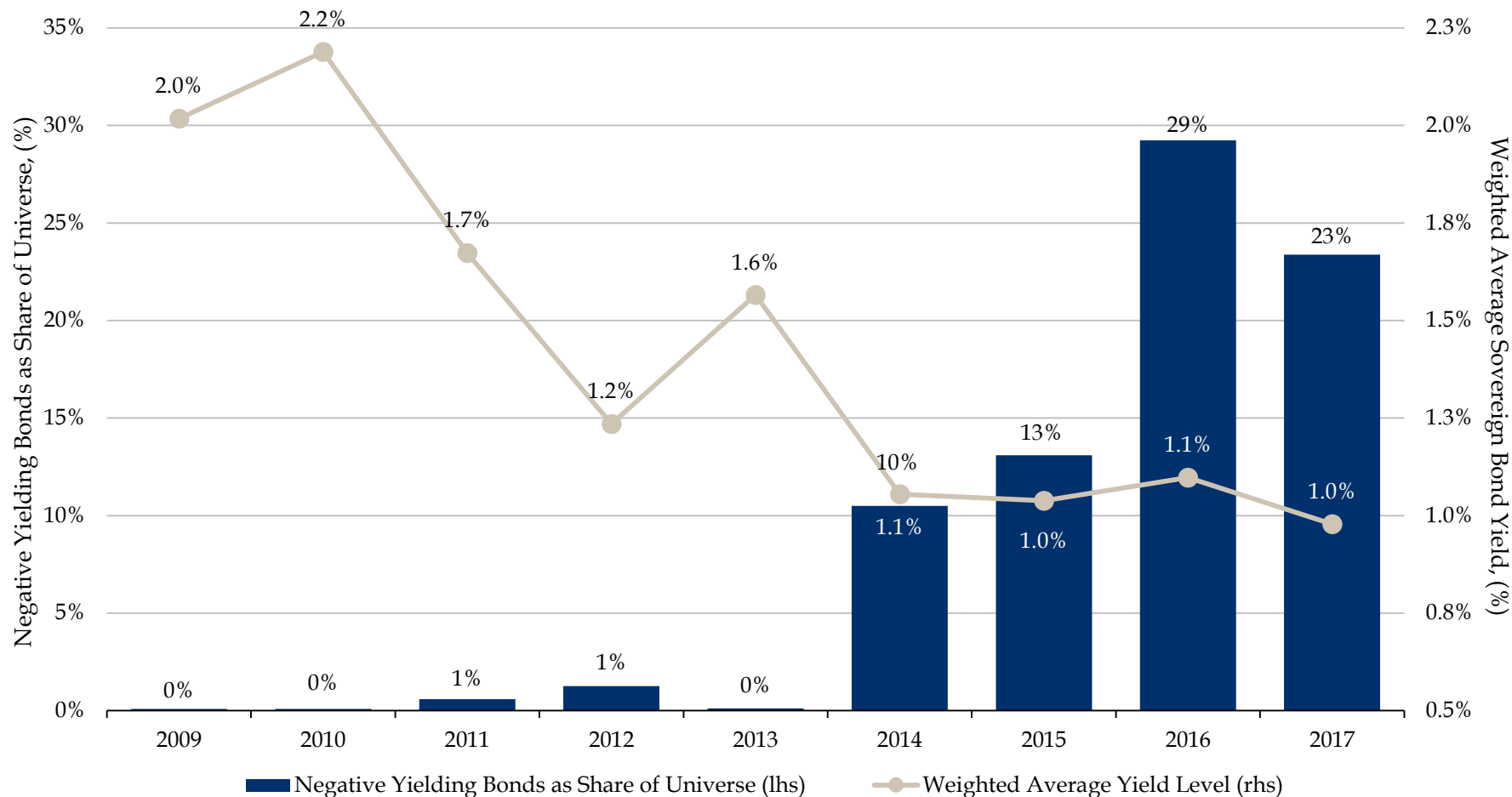
Passive Programmatic
Investing

Mature Demographics and
Global Economies



Source: Bloomberg market data as of November 8, 2017.

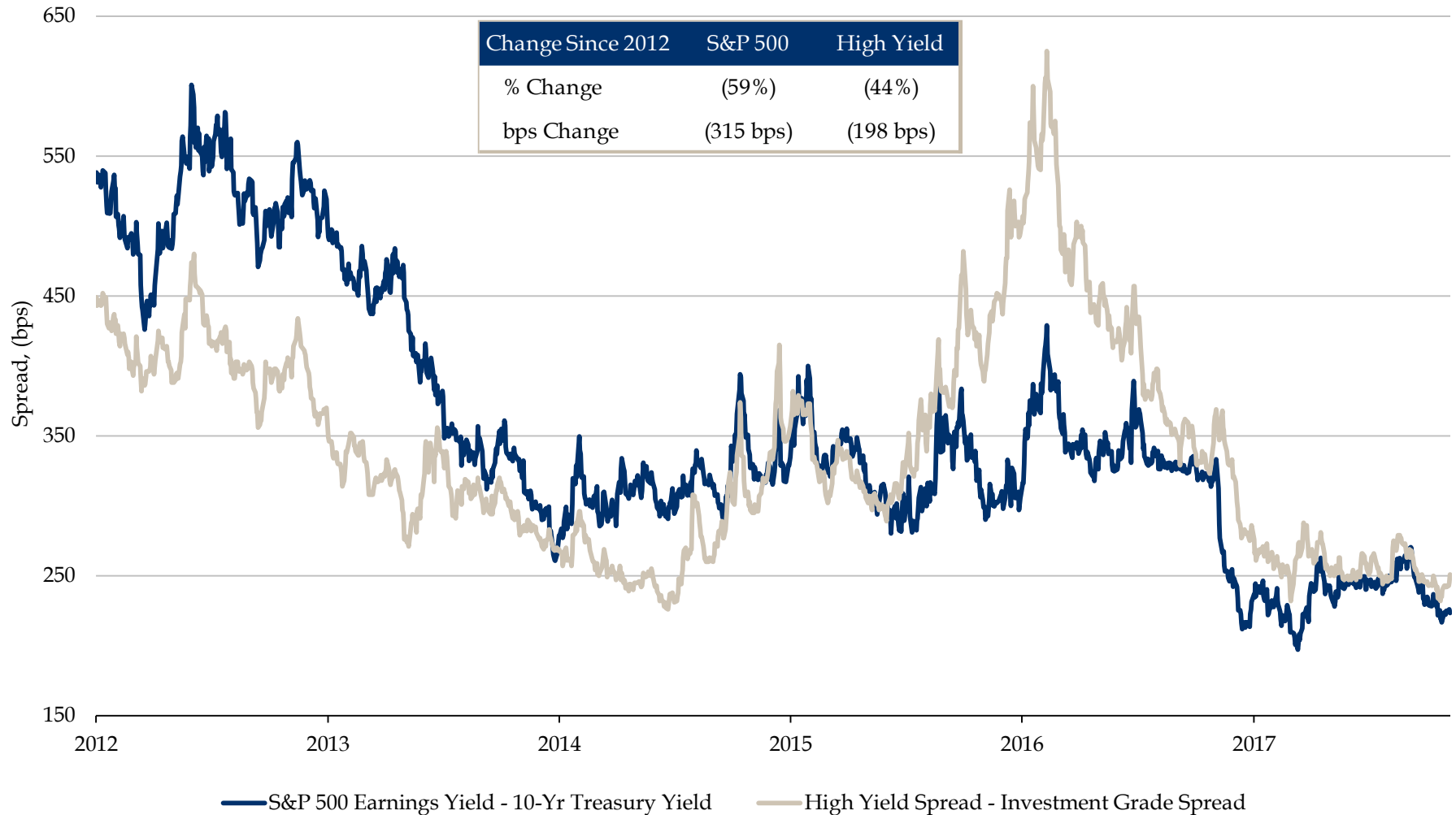
Amidst the backdrop of historic debt growth, global yields have fallen to the lowest levels ever⁽¹⁾



Source: Bloomberg market data as of November 8, 2017.

(1) Global yields represents the Bloomberg Global Developed Sovereign Bond Index ("BCSV Index").

The incremental return for investing in higher risk assets has significantly fallen over the last five years



Source: Bloomberg market data as of November 8, 2017.

- 1 The Yield-Less World
- 2 Three Major Questions Answered**
- 3 Annaly Advantages
- 4 Performance & Relative Value
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Three Major Questions Answered

Against the current macroeconomic backdrop, there are three questions consistently raised by nearly all of our investors

1

How Will Annaly Be Impacted By Central Bank Policy?

2

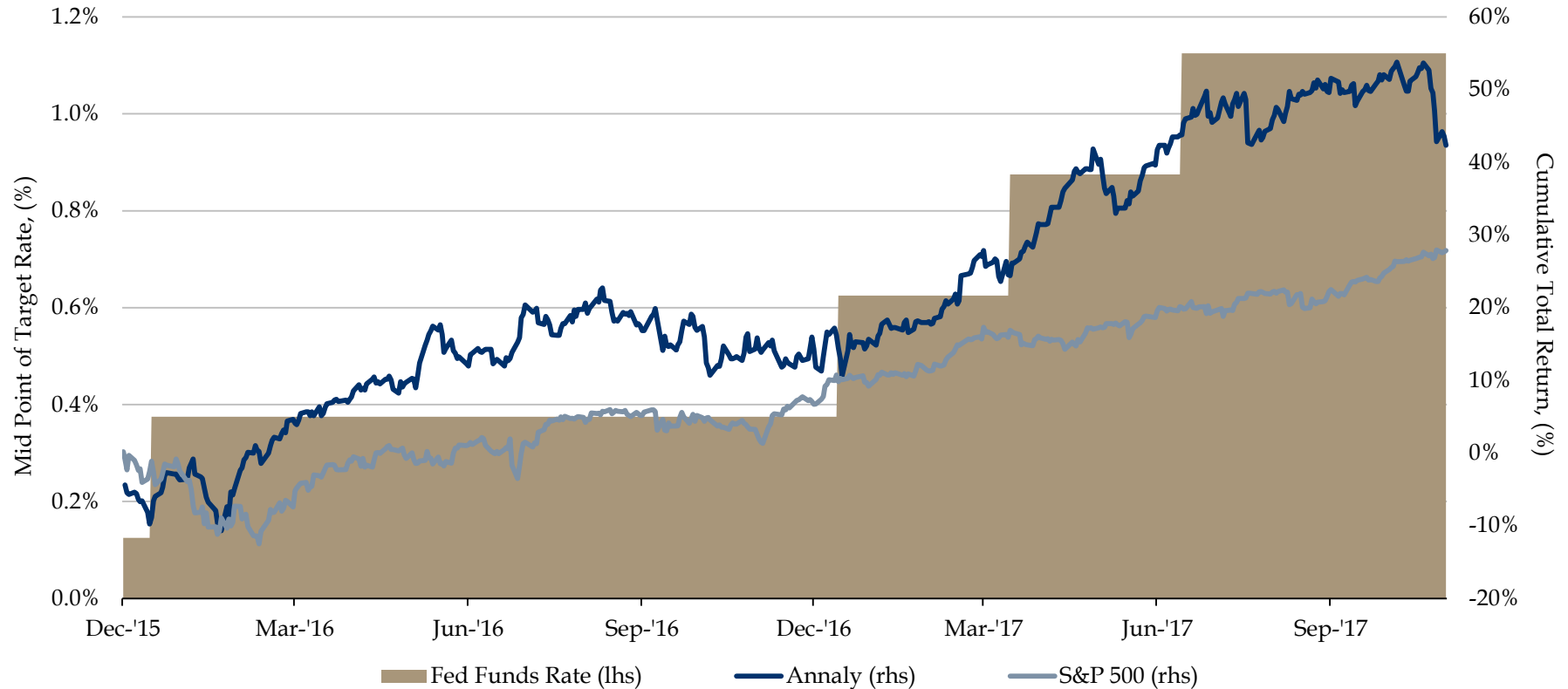
What Happens In A Rising Rate Environment?

3

How Stable And Resilient Is The Annaly Model Over Time?

1 Increased Visibility of Central Bank Policy

Annaly has outperformed as market “paranoia” eases around central bank policy

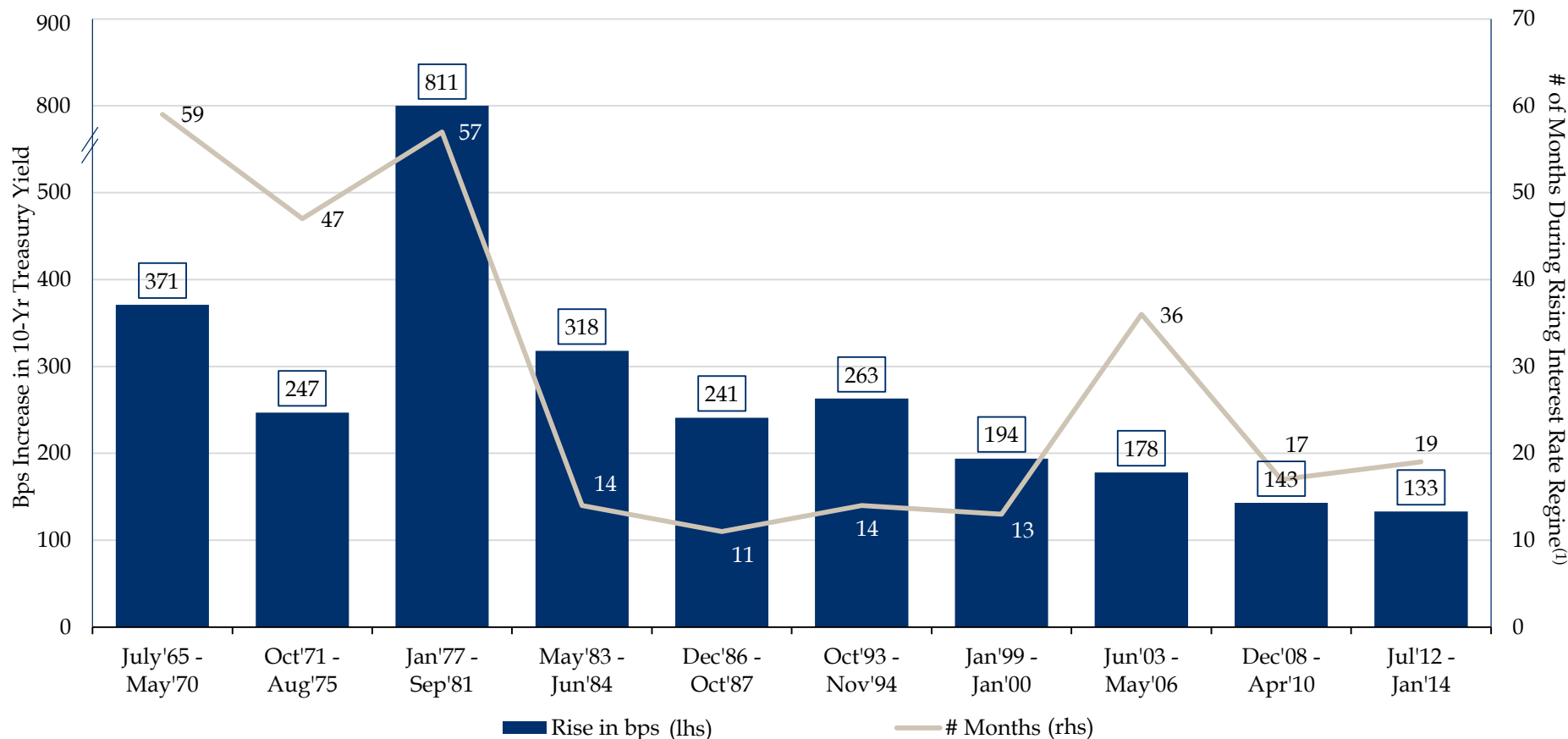


Source: Bloomberg market data as of November 8, 2017.

Yield Performance in Rising Rate Environments

Across rising interest rate regimes⁽¹⁾, high dividend stocks⁽²⁾ have delivered double digit returns, outperforming the broader market

	# Months in Range	Rate Increases per Month	High Dividend Portfolio Total Return	S&P 500 Total Return	High Dividend Portfolio - S&P 500
Average	29	12 bps	12.6%	11.8%	0.8%



Source: GlobalX High Dividend Stocks Analysis.

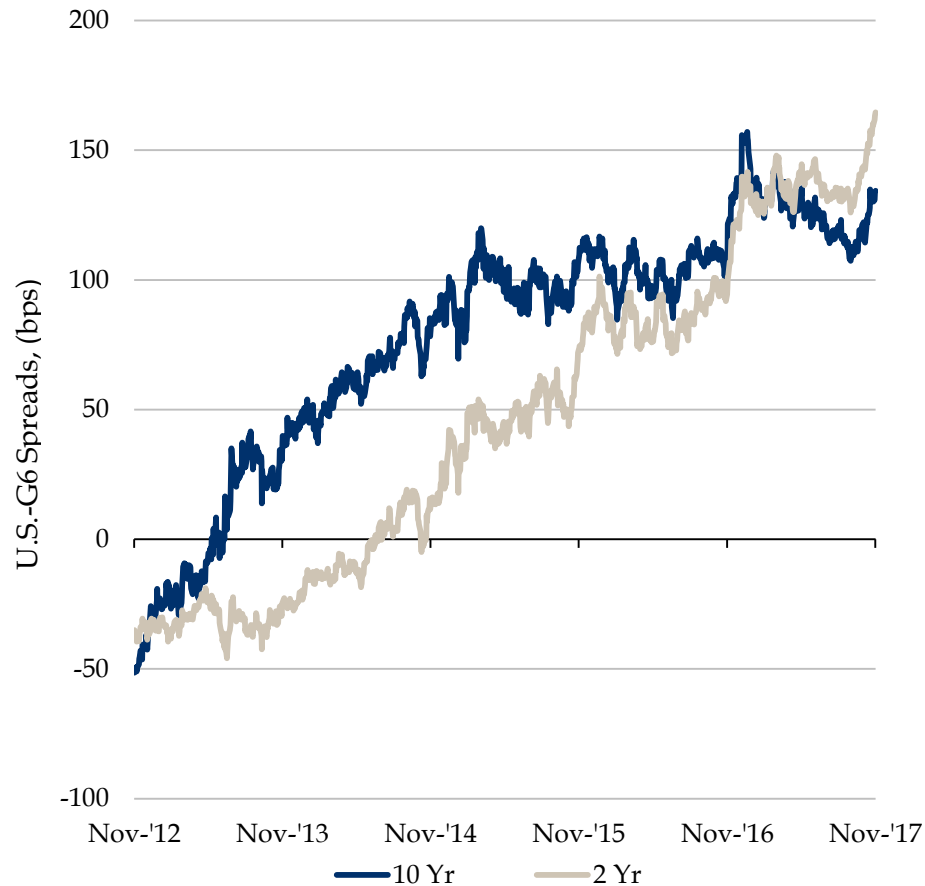
(1) "Rising Interest Rate Regimes" defined as periods since 1960 in which the yield of 10-Yr U.S. Treasuries increased by more than 100 bps over a period of 10 months or less.

(2) "High Dividend Stocks" defined as the highest decile of U.S. dividend yielding stocks from the S&P 500.

Impact of Rising Rates Muted by Relative Value Demand

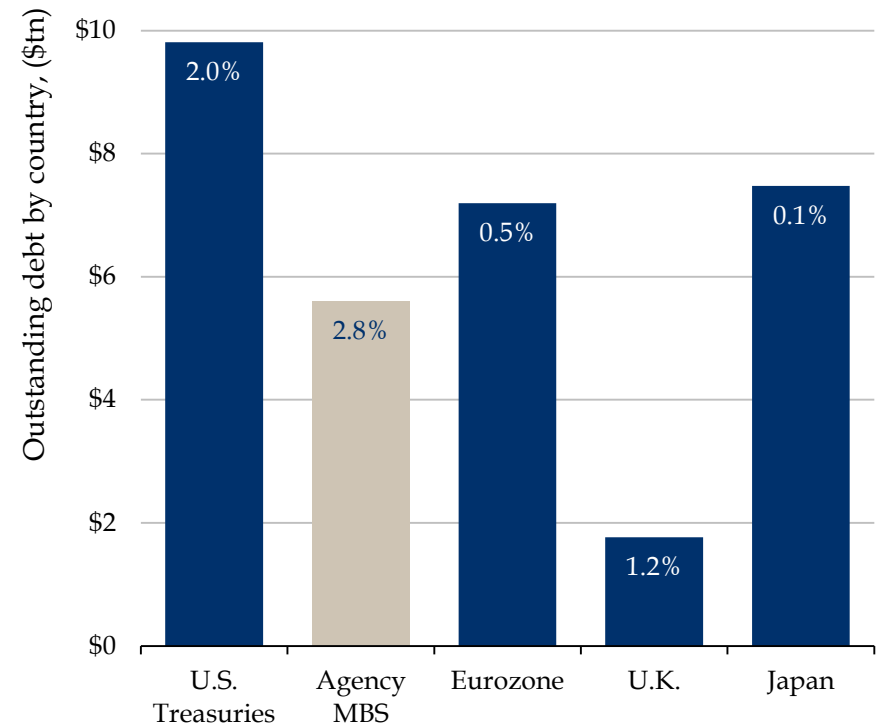
The attractiveness of U.S. fixed income relative to the global environment should contain sustained higher yields

U.S. Yields at Largest Premium vs. G6 Yields⁽¹⁾



U.S. = \$15.4tn of Debt at ~6x International Yield⁽²⁾

U.S.	International
Debt Outstanding: \$15.4tn	Debt Outstanding: \$16.5tn
WA Yield: 2.3%	WA Yield: 0.4%

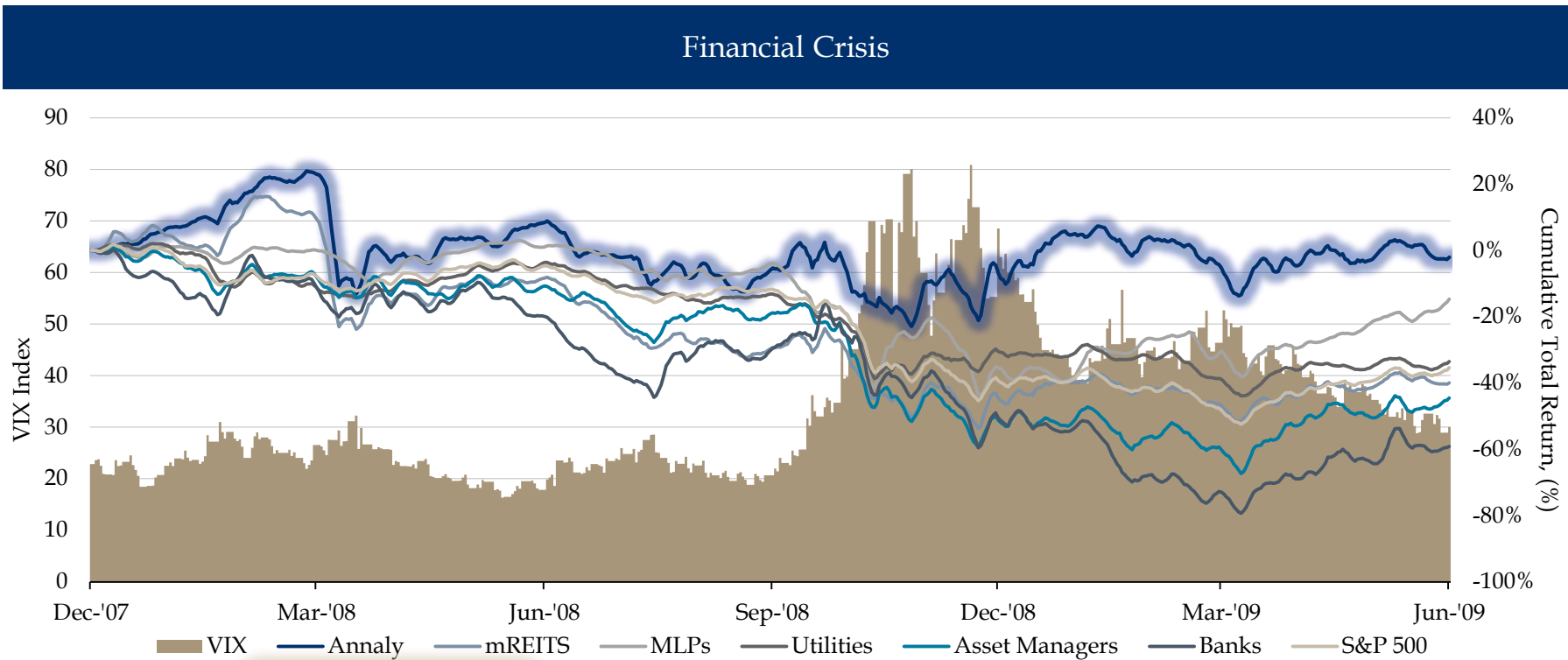


Source: Bloomberg market data as of November 8, 2017.

(1) G6 represents Canada, France, Germany, Italy, Japan, and the U.K.

(2) Outstanding debt figures derived based on Bloomberg Sovereign Bond Indices for particular jurisdictions, multiplied by current U.S. Dollar exchange rates. Yields are sourced from Bloomberg and average yields are weighted by market value.

Annaly Has Outperformed in Periods of Heightened Volatility



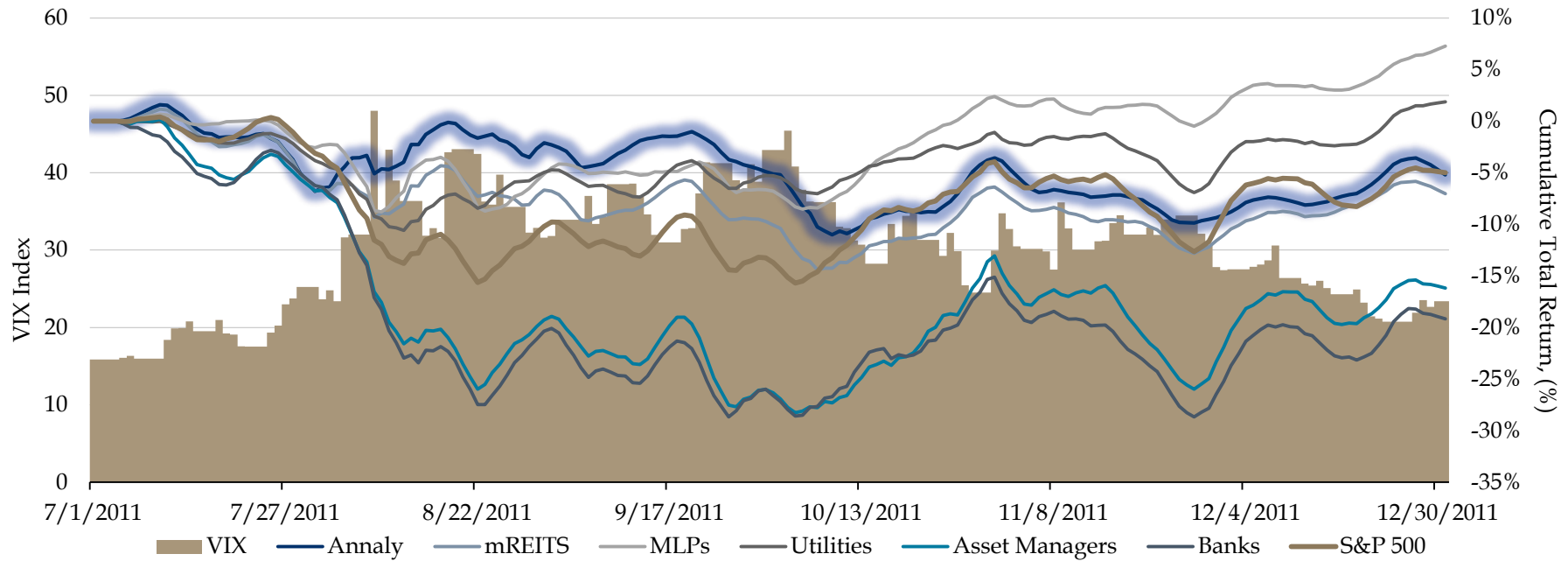
NLY Performance	Financial Crisis Dec'07 - May'09
vs. mREITS	39%
vs. MLPs	13%
vs. Utilities	32%
vs. Asset Managers	43%
vs. Banks	59%
vs. S&P 500	34%

Note: Percentages in table denote Annaly's total return performance vs. respective peer groups during respective time periods.

Source: Bloomberg market data as of November 8, 2017. mREITs represent the Bloomberg Mortgage REIT Index ("BBREMTG Index"). MLPs represent the Alerian MLP Index. Utilities represent the Russell 3000 Utilities Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index.

Annaly Has Outperformed in Periods of Heightened Volatility

U.S. Credit Rating Downgrade



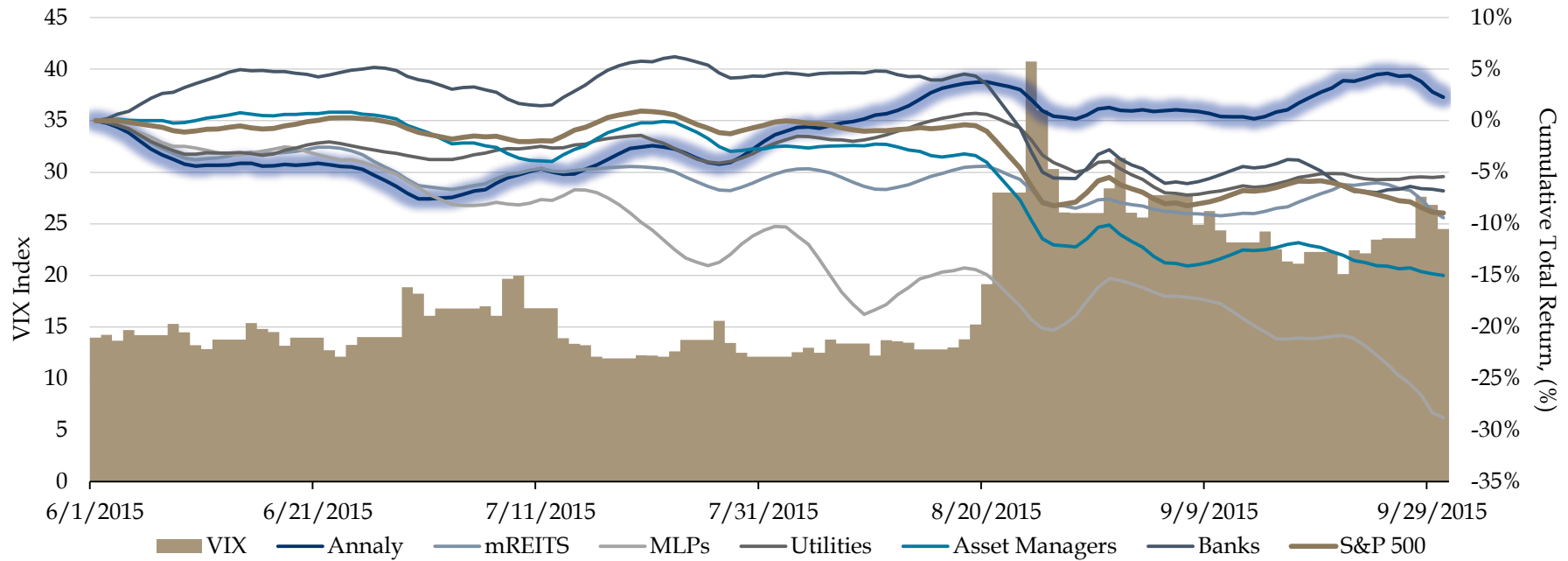
NLY Performance	Financial Crisis Dec'07 - May'09	U.S. Credit Downgrade Jul'11 - Dec'11
vs. mREITS	39%	2%
vs. MLPs	13%	-14%
vs. Utilities	32%	-8%
vs. Asset Managers	43%	10%
vs. Banks	59%	13%
vs. S&P 500	34%	-1%

Note: Percentages in table denote Annaly's total return performance vs. respective peer groups during respective time periods.

Source: Bloomberg market data as of November 8, 2017. mREITs represent the BBREMTG Index. MLPs represent the Alerian MLP Index. Utilities represent the Russell 3000 Utilities Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index.

Annaly Has Outperformed in Periods of Heightened Volatility

China Stock Market Turbulence



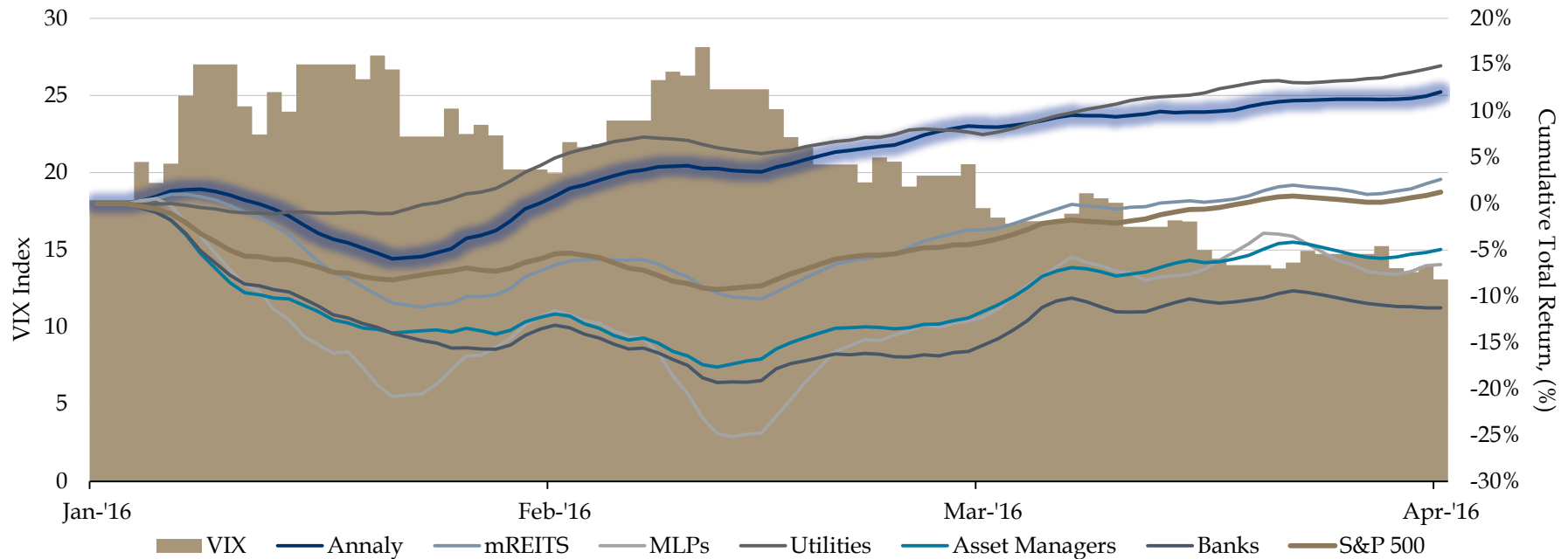
NLY Performance	Financial Crisis Dec'07 - May'09	U.S. Credit Downgrade Jul'11 - Dec'11	China Stock Market Turbulence Jun'15 - Sep'15
vs. mREITS	39%	2%	12%
vs. MLPs	13%	-14%	27%
vs. Utilities	32%	-8%	8%
vs. Asset Managers	43%	10%	17%
vs. Banks	59%	13%	8%
vs. S&P 500	34%	-1%	10%

Note: Percentages in table denote Annaly's total return performance vs. respective peer groups during respective time periods.

Source: Bloomberg market data as of November 8, 2017. mREITs represent the BBREMTG Index. MLPs represent the Alerian MLP Index. Utilities represent the Russell 3000 Utilities Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index.

Annaly Has Outperformed in Periods of Heightened Volatility

Oil Falls to \$26 / Credit Selloff



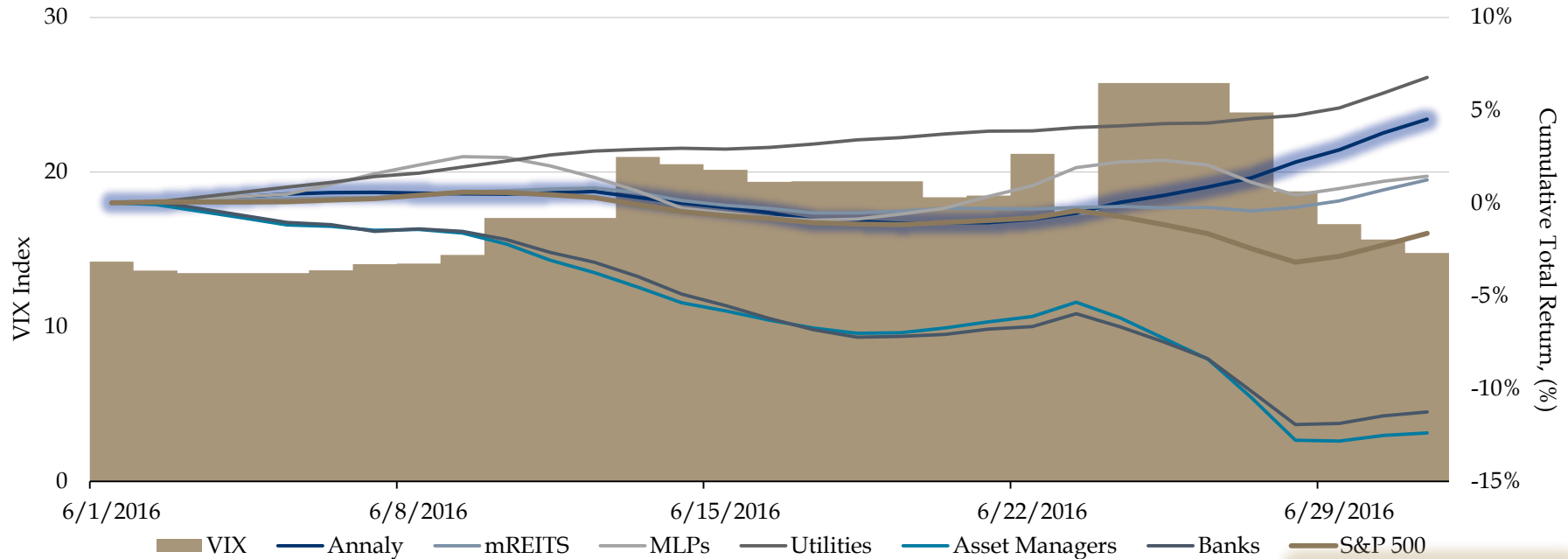
NLY Performance	Financial Crisis Dec'07 - May'09	U.S. Credit Downgrade Jul'11 - Dec'11	China Stock Market Turbulence Jun'15 - Sep'15	Oil Falls to \$26 / Credit Selloff Jan'16 - Mar'16
vs. mREITS	39%	2%	12%	10%
vs. MLPs	13%	-14%	27%	20%
vs. Utilities	32%	-8%	8%	-2%
vs. Asset Managers	43%	10%	17%	18%
vs. Banks	59%	13%	8%	24%
vs. S&P 500	34%	-1%	10%	12%

Note: Percentages in table denote Annaly's total return performance vs. respective peer groups during respective time periods.

Source: Bloomberg market data as of November 8, 2017. mREITs represent the BBREMTG Index. MLPs represent the Alerian MLP Index. Utilities represent the Russell 3000 Utilities Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index.

Annaly Has Outperformed in Periods of Heightened Volatility

Brexit



NLY Performance	Financial Crisis Dec'07 - May'09	U.S. Credit Downgrade Jul'11 - Dec'11	China Stock Market Turbulence Jun'15 - Sep'15	Oil Falls to \$26 / Credit Selloff Jan'16 - Mar'16	Brexit Jun'16
vs. mREITS	39%	2%	12%	10%	3%
vs. MLPs	13%	-14%	27%	20%	3%
vs. Utilities	32%	-8%	8%	-2%	-3%
vs. Asset Managers	43%	10%	17%	18%	16%
vs. Banks	59%	13%	8%	24%	15%
vs. S&P 500	34%	-1%	10%	12%	5%

Note: Percentages in table denote Annaly's total return performance vs. respective peer groups during respective time periods.

Source: Bloomberg market data as of November 8, 2017. mREITs represent the BBREMTG Index. MLPs represent the Alerian MLP Index. Utilities represent the Russell 3000 Utilities Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index.

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- 3 **Annaly Advantages**
- 4 Performance & Relative Value
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Annaly Advantages

Best in class management and stability have led to a 72% cumulative total return since 2014, outperforming yield sectors by at least 15%⁽¹⁾

Size & Liquidity

19x the size of the median mREIT⁽²⁾ market cap and over **\$9 billion** unencumbered assets⁽³⁾

Diversification

Current number of available investment options is **12x higher** than it was at Annaly's inception, and more than double the number in 2014

Operating Efficiency

65% lower operating expense as a % of assets and **51%** lower operating expense as a % equity⁽⁴⁾

Shared Capital

4 fully scaled businesses operating in both cyclical and countercyclical markets = better **book value protection and earnings stability**

Intellectual Capital

125+ new hires since 2014, including members of senior management

(1) Market data as of November 8, 2017. Yield Sectors include mREITs represented by BBREMTG Index, Utilities represented by the Russell 3000 Utilities Index, MLPs represented by the Alerian MLP Index, Asset Managers represented by the S&P 500 Asset Management and Custody Bank Index, and Banks represented by the KBW Bank Index.

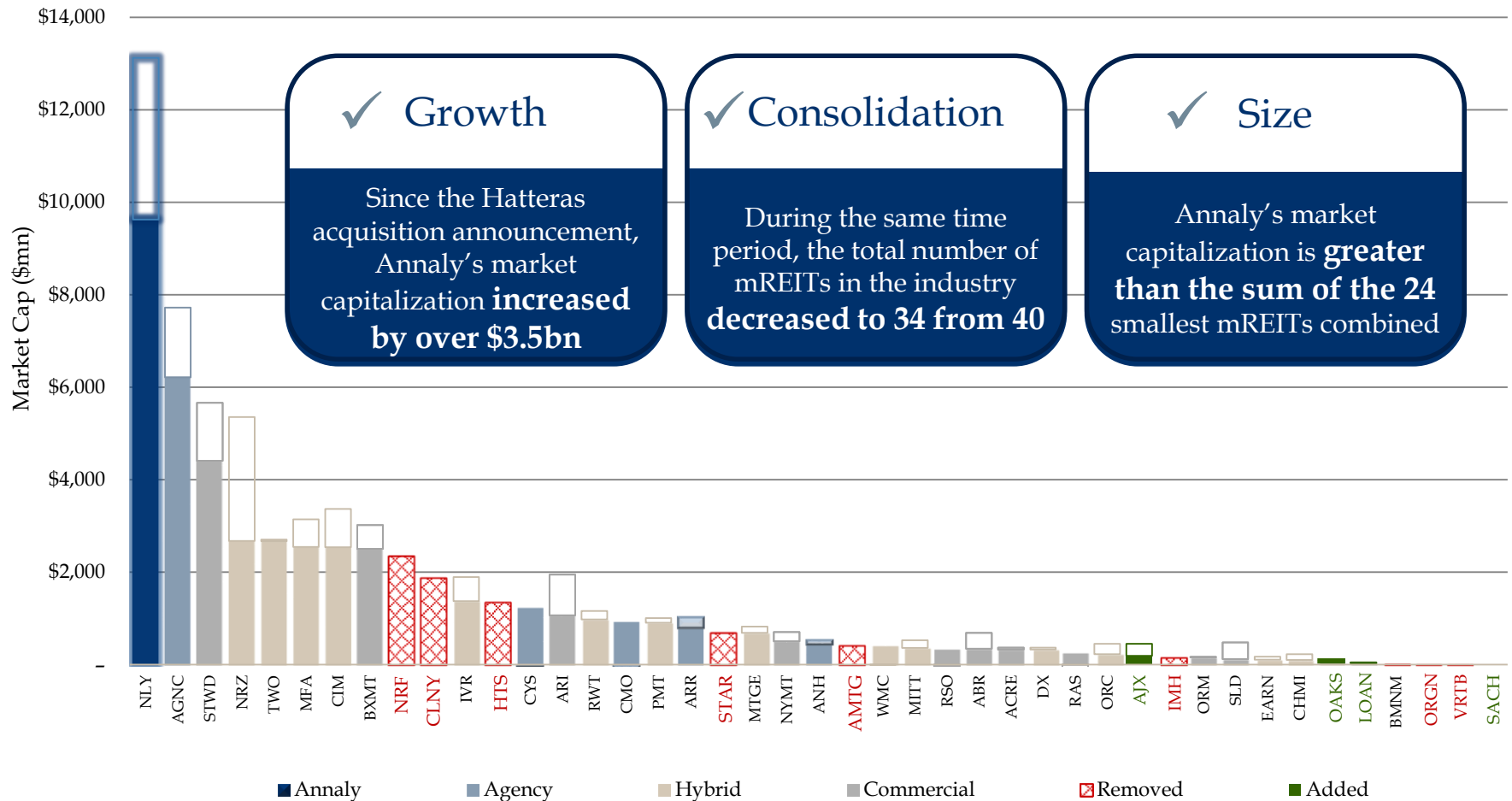
(2) BBREMTG Index as of November 8, 2017.

(3) Company filings as of September 30, 2017. "Unencumbered assets" are representative of Annaly's excess liquidity and are defined as assets that have not been pledged or securitized (including cash and cash equivalents, Agency MBS, CRT, Non-Agency MBS, Residential mortgage loans, MSRs, CRE debt investments, CRE debt and preferred equity held for investment and corporate debt).

(4) Represents Annaly's average operating expense as a percentage of average assets and average equity compared to the BBREMTG Index from 2012 to Q3 2017 annualized. Analysis includes companies in BBREMTG Index with market capitalization above \$200mm as of December 31 of each respective year and as of September 30, 2017 for 2017. Operating expense is defined as: (i) for internally-managed peers, the sum of compensation and benefits, general and administrative expenses ("G&A") and other operating expenses, and (ii) for externally-managed peers, the sum of net management fees, compensation and benefits (if any), G&A and other operating expenses.

Annaly Advantages | Size

Since Annaly announced the acquisition of Hatteras Financial Corp. (“Hatteras”), the number of mREITs has fallen by 15% and the industry market cap has grown by nearly \$12.4bn



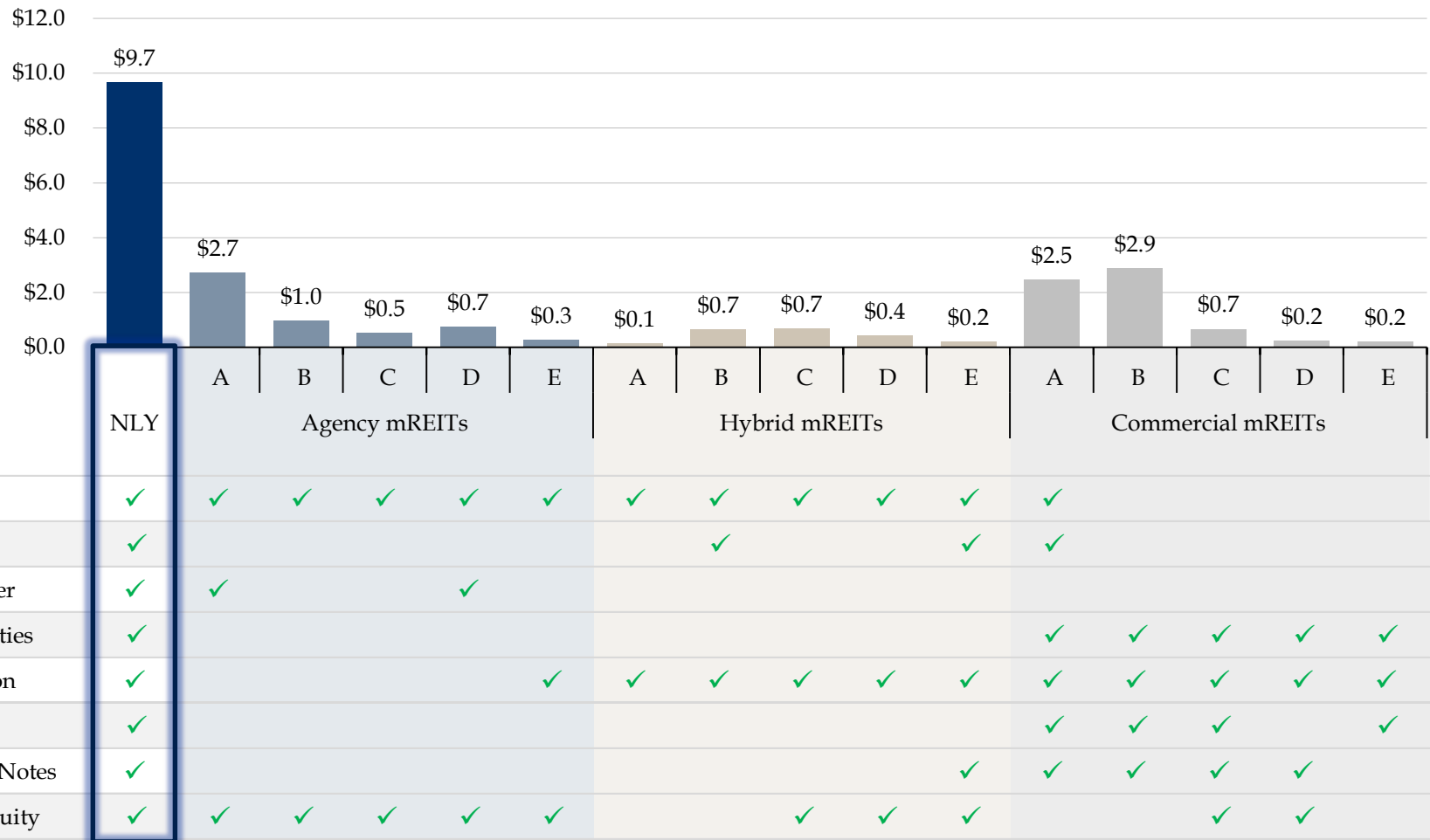
Source: Market data per Bloomberg as of November 8, 2017.

Note: Compares companies in the BBREMTG Index as of November 8, 2017 to the same list of companies as of April 8, 2016 (the last trading day prior to the announcement of the acquisition of Hatteras Financial Corp.). No outline denotes either a reduction in market cap or no change to market cap from April 8, 2016 to November 8, 2017. Removed companies includes companies that have been acquired and those that have been removed from the index. Companies that have been added to the BBREMTG Index from April 8, 2016 to November 8, 2017 include AJX, OAKS, LOAN and SACH.

Annaly Advantages | Liquidity

Annaly's superior liquidity position provides it with unique competitive advantages

Unencumbered Assets (\$bn)⁽¹⁾



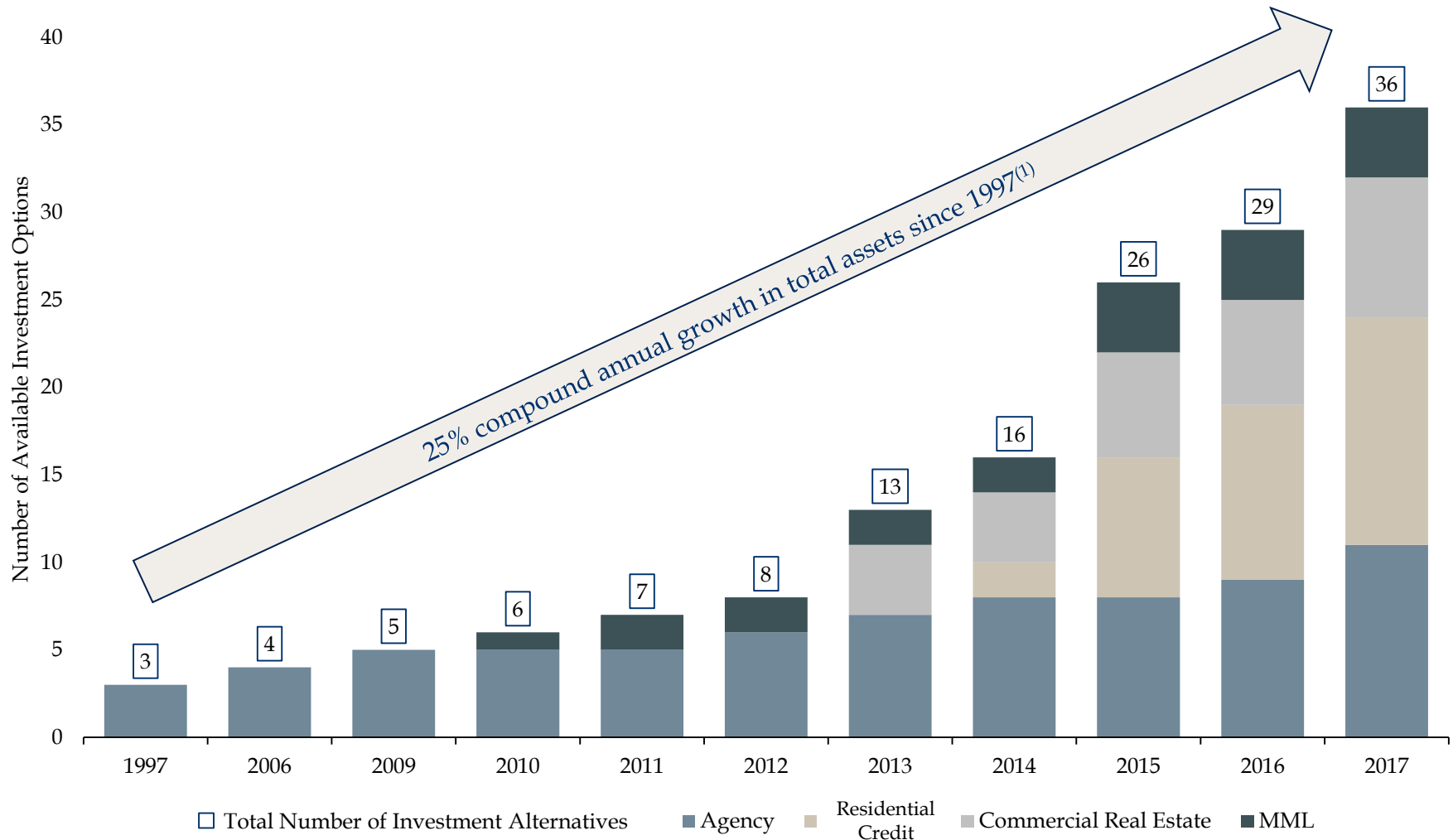
Source: Bloomberg, SNL Financial, and Company filings as of September 30, 2017.

Note: Peers reflect top 5 mREITs by market cap in their respective sector within the BBREMTG Index, excluding Annaly.

(1) Reflects unencumbered assets or similarly reported liquidity position.

Annaly Advantages | Diversification Through Internal Growth

Annaly has increased the number of available investment options by 12x since inception



Source: Company filings as of September 30, 2017.

Annaly Advantages | Diversification Through Scalable Partnerships

Annaly's expertise across investment platforms has enabled the Company to establish additive, long-term relationships with dedicated third party strategic partners

Agency / MSR



**Joint Venture with
Premier Sovereign
Wealth Fund**

Residential Credit

**Various Well-Known
Money Center Banks and
Loan Aggregators**

**ANNALY®
Partnerships**

Commercial Real Estate

PEARLMARK
REAL ESTATE PARTNERS

Double Bottom Line Investing

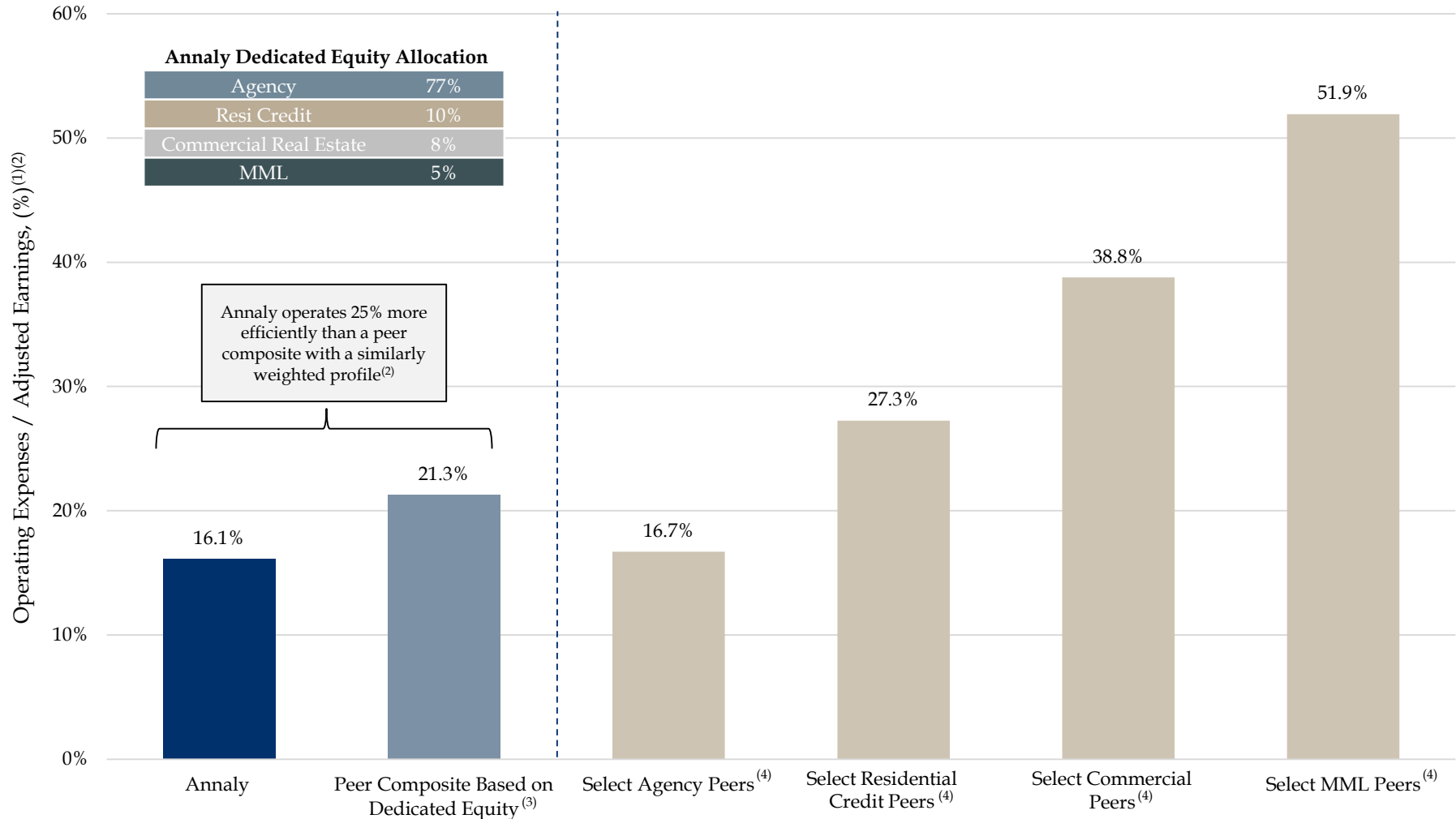


Middle Market Lending

**Large, Diversified M&A
Advisor & Debt
Placement Agent**

Annaly Advantages | Operating Efficiency

Annaly currently benefits from diversification, operating 25% more efficiently than a peer composite⁽²⁾ and at significantly lower costs than smaller, mono-line models



Source: Company filings for the year to date period ended September 30, 2017. Operating expense is defined as: (i) for internally-managed peers, the sum of compensation and benefits, general and administrative expenses ("G&A") and other operating expenses, and (ii) for externally-managed peers, the sum of net management fees, compensation and benefits (if any), G&A and other operating expenses.

(1) "Adjusted Earnings" represents "Core" or similarly adjusted EPS (excluding PAA) for Annaly and all mREITs.

(2) "Core Earnings" represents a non-GAAP financial measure and is shown excluding PAA; see Appendix.

(3) Peer Composite based on dedicated equity is calculated by weighting Annaly's dedicated equity of each business to the corresponding peer group average's operating expenses divided by total equity.

(4) See Endnote 2 in Appendix for list of Select Peers within each business.

Annaly Advantages | Shared Capital

ANNALY®

Agency

**Residential
Credit**

**Commercial Real
Estate**

**Middle Market
Lending**

Assets⁽¹⁾ | Capital⁽²⁾

\$107.3bn | \$11.3bn

\$2.7bn | \$1.4bn

\$2.0bn | \$1.1bn

\$0.9bn | \$0.7bn

Sector Rank⁽³⁾

#1/6

#6/18

#4/12

#14/41

The Annaly Agency Group invests in Agency MBS collateralized by residential mortgages which are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae

The Annaly Residential Credit Group invests in non-Agency residential mortgage assets within securitized product and whole loan markets

The Annaly Commercial Real Estate Group ("ACREG") originates and invests in commercial mortgage loans, securities, and other commercial real estate ("CRE") debt and equity investments

The Annaly Middle Market Lending Group ("AMML") provides financing to private equity backed middle market businesses across the capital structure

Strategy

Countercyclical/Defensive

Cyclical/Growth

Cyclical/Growth

Countercyclical/Defensive

Levered Returns⁽⁴⁾

9% - 11%

9% - 11%

8% - 10%

9% - 11%

Source: Company filings as of September 30, 2017. Bloomberg market data as of November 8, 2017.

(1) Agency assets include to be announced ("TBA") purchase contracts (market value) and MSRs. ACREG assets are exclusive of consolidated variable interest entities ("VIEs") associated with B-Piece commercial MBS.

(2) Dedicated capital includes TBA purchase contracts, excludes non-portfolio related activity and varies from total stockholders' equity.

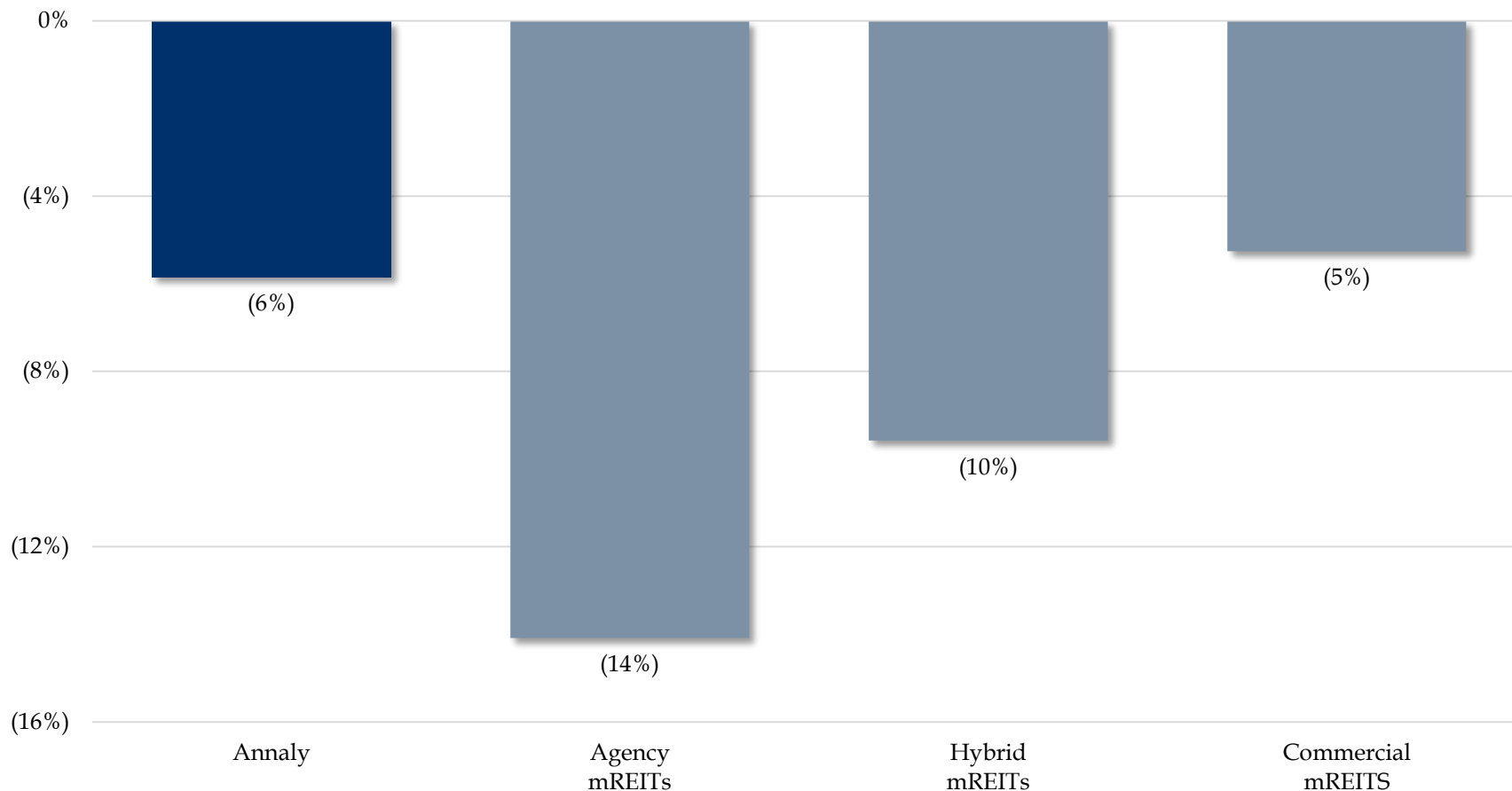
(3) Sector rank compares Annaly dedicated capital in each of its four investment groups as of September 30, 2017 (adjusted for P/B as of November 8, 2017) to the market capitalization of the companies in each respective comparative sector as of November 8, 2017. Comparative sectors used for Agency, Residential Credit and Commercial Real Estate are their respective sectors within the BBREMTG Index. The comparative sectors used for the Middle Market Lending ranking is the S&P BDC Index.

(4) Levered return assumptions are for illustrative purposes only and attempt to represent current market asset returns and financing terms for prospective investments of the same, or a substantially similar, nature in each respective business.

Annaly Advantages | Shared Capital = Book Value Protection

As a result of its diversification strategy, Annaly has continued to deliver a stable book value

Book Value Stability since Q4 2013⁽¹⁾

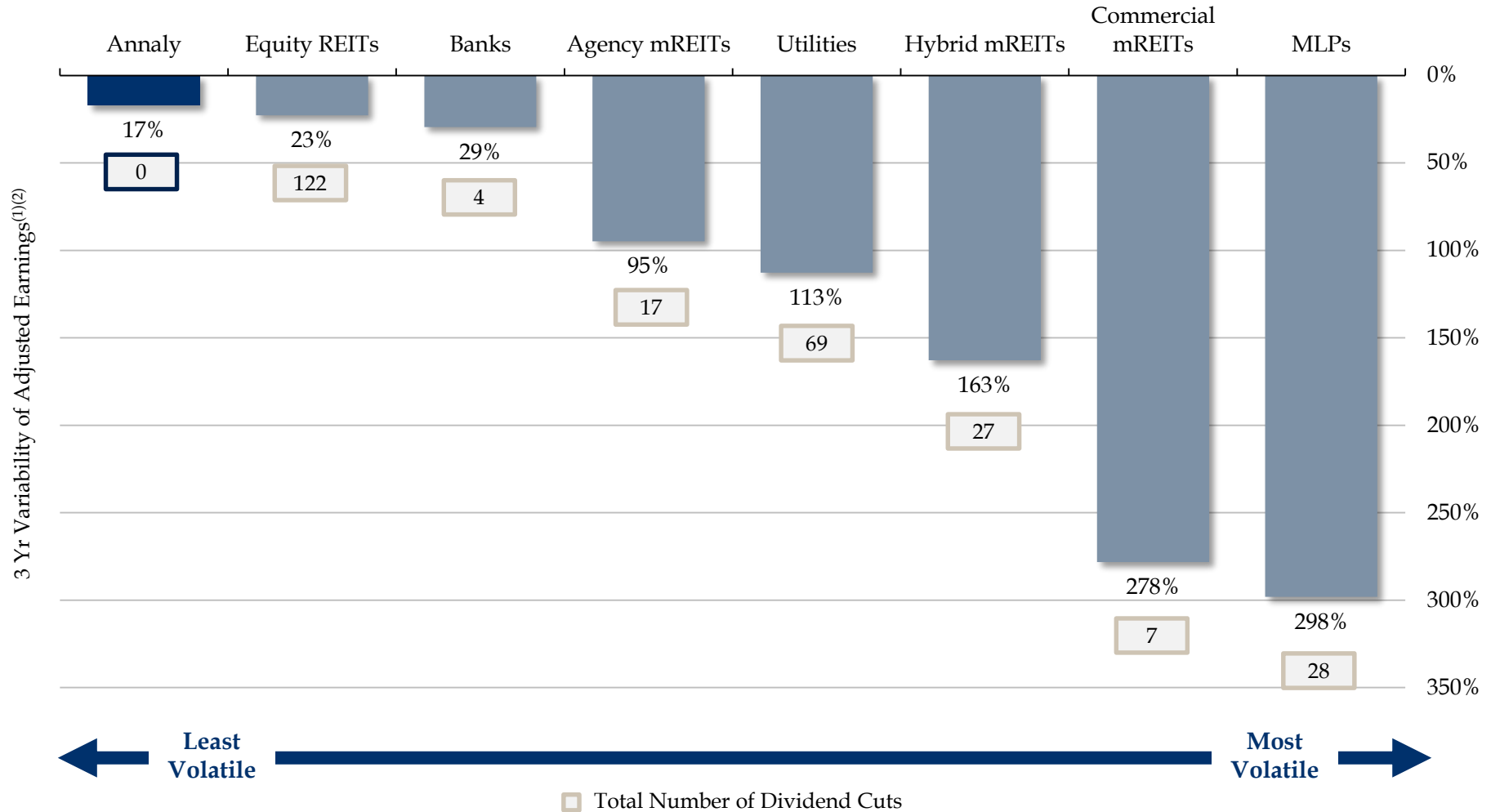


Source: Bloomberg and Company filings. Includes all companies in the respective Agency, Hybrid, and Commercial sectors of the BBREMTG Index as of November 8, 2017.

(1) Book Value Stability measures the change in book value from Q4 2013 to Q3 2017.

Annaly Advantages | Shared Capital = Stability

Despite heightened market volatility, Annaly has continued to offer stable Core Earnings⁽¹⁾ over the past three years, particularly when compared to other yield strategies



Source: Bloomberg, Company filings, SNL Financial.

Note: Equity REITs represent the FTSE NAREIT All Equity REITs Index. Banks represent the KBW Bank Index. mREITs include all companies in the respective Agency, Hybrid, and Commercial sectors of the BBREMTG Index as of November 8, 2017. Utilities represent the Russell 3000 Utilities Index. MLPs represent the Alerian MLP Index.

(1) "Core Earnings" represents a non-GAAP financial measure and is shown excluding PAA; see Appendix.

(2) Variability calculated as the percentage range between the highest and lowest quarterly "Adjusted Earnings" figures for each company from Q3 2014 to Q3 2017. Annaly and all mREITs utilize "Core" or similarly adjusted EPS (excluding PAA); Banks and Financials utilize adjusted net income; Equity REITs, Utilities and MLPs utilize EBITDA.

Annaly Advantages | Intellectual Capital

The intellectual capital created through the investment in Annaly's business platforms has attracted top professionals and delivered best-in-class performance to shareholders

Investment *In* Our People

125+

New hires since 2014 – including members of Senior Management

10

Internal development programs established, with 100% employee participation

96%

of Annaly employees feel the Company is committed to exceeding shareholder expectations which compares to 88% for Financial Services⁽¹⁾

2

New Independent Directors named to Annaly's Board of Directors⁽²⁾

Investment *By* Our People

\$15 million

CEO voluntarily increased stock ownership requirement

99%

of Annaly shares owned by employees purchased in the open market

97%

of employees subject to Stock Ownership Guideline own Annaly shares

0

shares of Annaly stock sold by Senior Management

Source: Internal employee survey and Perceptyx.

(1) Financial Services represents a cross section of global and domestic banks, credit-card companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, and investment funds provided by Perceptyx.

(2) Appointments effective January 1, 2018.

Management Ownership Culture Promotes Alignment with Shareholder Interests

Our executives have purchased over \$24mm of NLY stock in the open market since 2011⁽¹⁾

Filing Date	Holder	Position	Amount Purchased
11/7/2017	Kevin G. Keyes	CEO and President; Director	\$3,336,000
8/7/2015	Kevin G. Keyes	CEO and President; Director	\$3,024,000
8/21/2013	Wellington J. Denahan	Executive Chairman; Chairman of Board	\$1,992,725
5/13/2015	Wellington J. Denahan	Executive Chairman; Chairman of Board	\$1,990,089
5/9/2016	R. Nicholas Singh	Former Chief Legal Officer ⁽²⁾	\$1,471,260
8/11/2014	R. Nicholas Singh	Former Chief Legal Officer ⁽²⁾	\$1,407,105
11/15/2012	Kevin G. Keyes	CEO and President; Director	\$1,390,000
9/1/2017	David L. Finkelstein	Chief Investment Officer	\$1,249,000
11/12/2013	Kevin G. Keyes	CEO and President; Director	\$1,043,000
8/24/2015	Wellington J. Denahan	Executive Chairman; Chairman of Board	\$1,033,000
11/4/2016	David L. Finkelstein	Chief Investment Officer	\$1,030,000
8/14/2014	Wellington J. Denahan	Executive Chairman; Chairman of Board	\$1,000,362
11/12/2013	Wellington J. Denahan	Executive Chairman; Chairman of Board	\$993,240
8/9/2011	Kevin G. Keyes	CEO and President; Director	\$856,500
5/19/2016	David L. Finkelstein	Chief Investment Officer	\$547,707
2/17/2017	Anthony C. Green	Chief Legal Officer ⁽²⁾	\$505,196
3/2/2015	David L. Finkelstein	Chief Investment Officer	\$424,000
11/9/2016	Timothy P. Coffey	Chief Credit Officer	\$304,500
3/20/2015	Glenn A. Votek	Chief Financial Officer	\$266,250
8/18/2015	Glenn A. Votek	Chief Financial Officer	\$259,000
8/5/2016	Anthony C. Green	Chief Legal Officer ⁽²⁾	\$210,425
Total			\$24,333,358

Source: SNL Financial and Company Form 4 filings with the SEC as of November 8, 2017.

Note: Includes open market purchases of securities only. Excludes purchases tied to options or awards granted, dividend reinvestments and purchases under 15,000 shares.

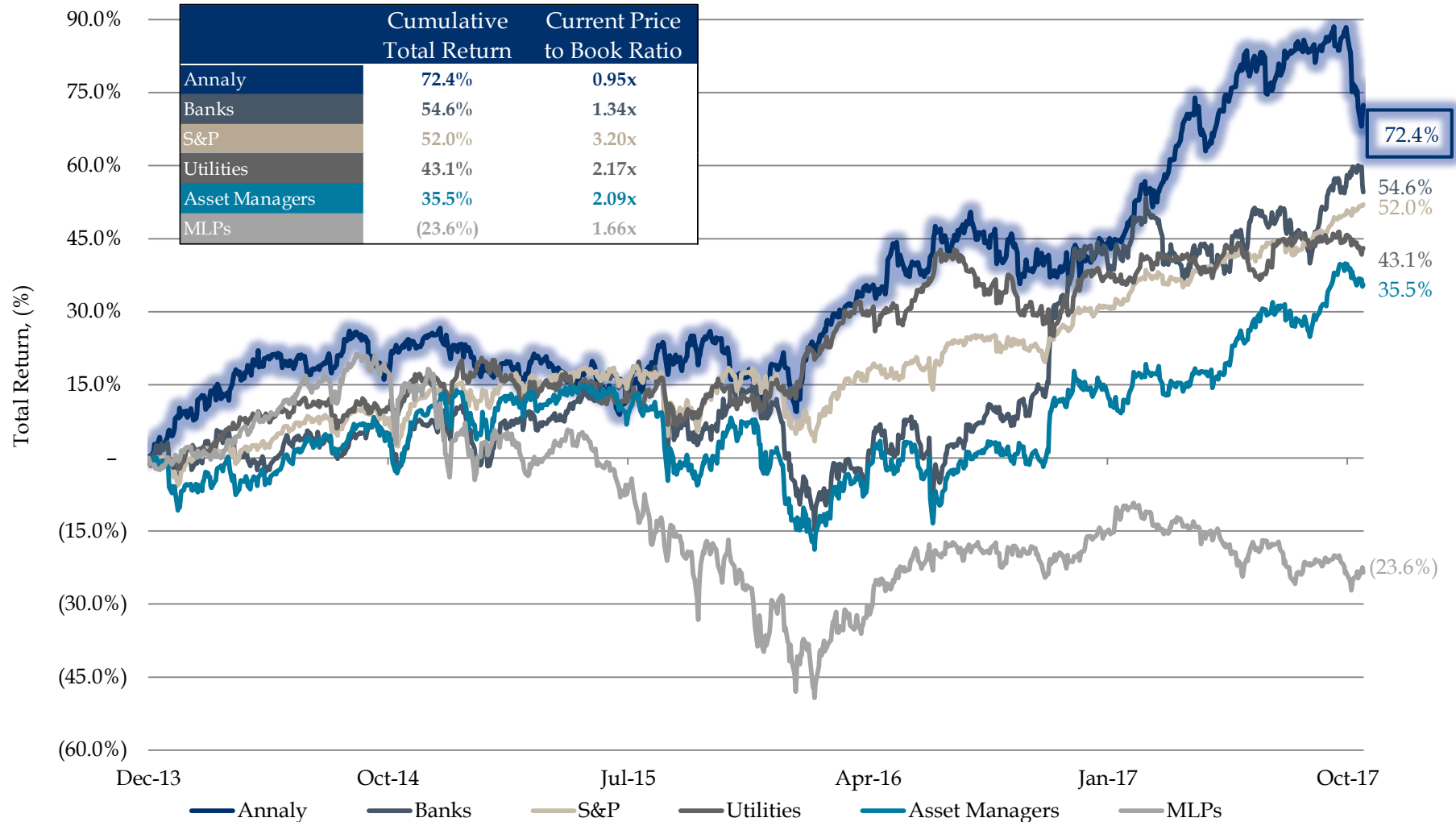
(1) In instances where multiple transactions are disclosed in a single filing, share purchases are combined and amount purchased is calculated based on the weighted average price per share.

(2) Anthony C. Green was appointed Chief Legal Officer upon the retirement of R. Nicholas Singh, effective March 1, 2017.

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Returns and Outperformance

Annaly's current investment team has outperformed other yield options since the end of 2013



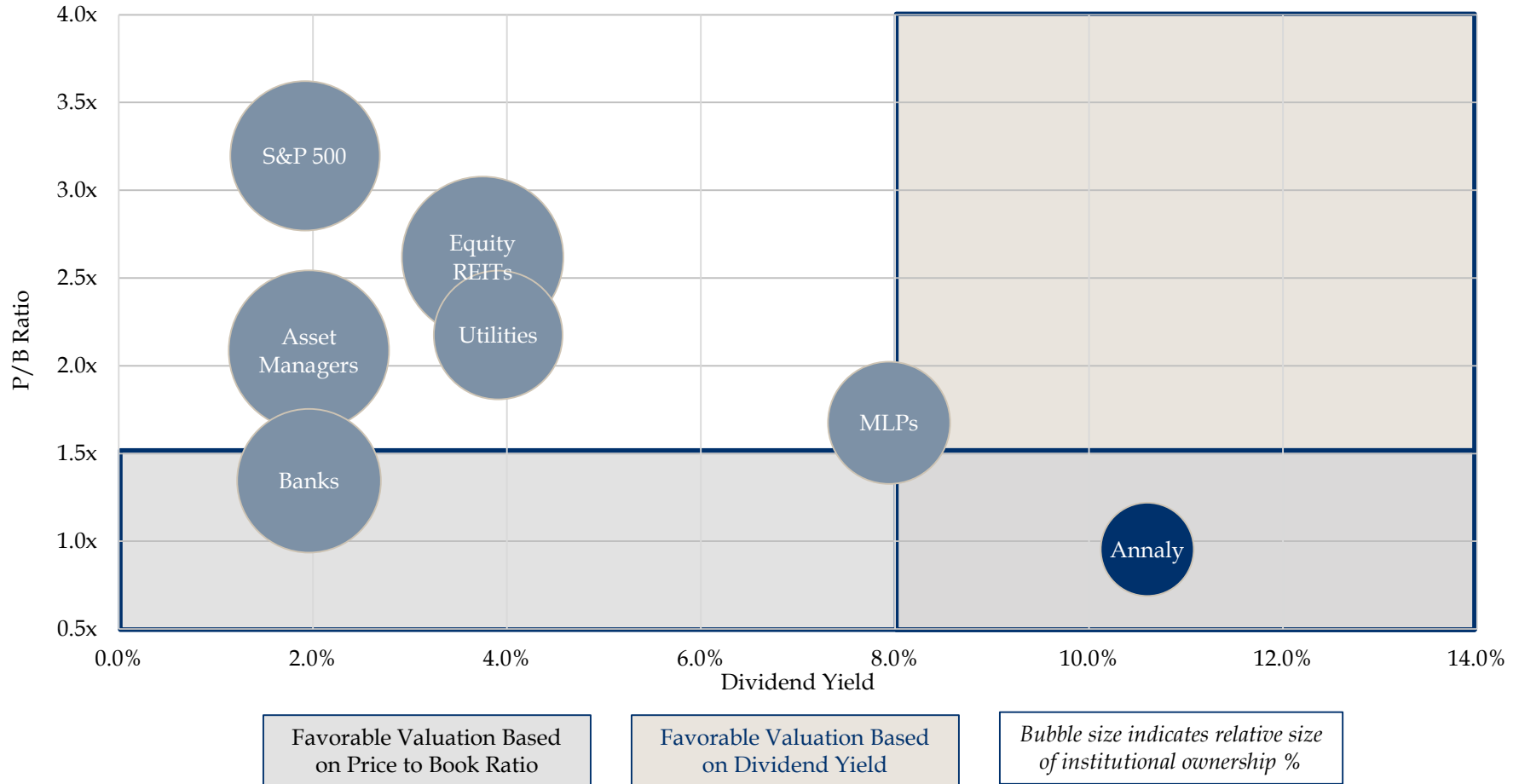
Source: Bloomberg. Utilities represent the Russell 3000 Utilities Index. MLPs represent the Alerian MLP Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index.

Note: Market data from December 31, 2013 to November 8, 2017.

Attractive Valuation

Annaly's valuation remains favorable to other yield manufacturers

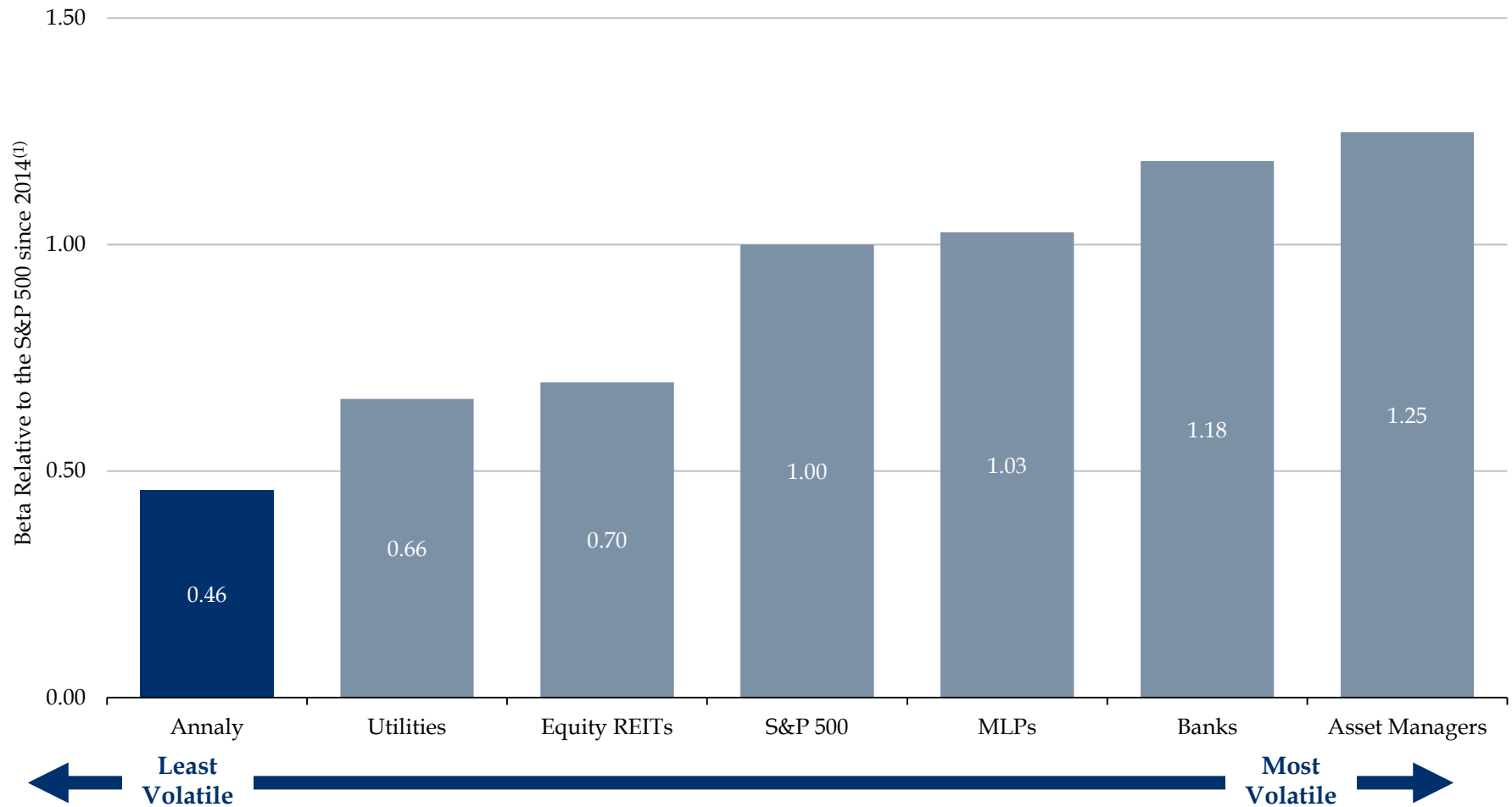
Annaly offers higher yield at a lower valuation



Source: Bloomberg market data as of November, 8 2017 and Ipreo shareholder data as of most recent filings. Utilities represent the Russell 3000 Utilities Index. MLPs represent the Alerian MLP Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index. Equity REITs Represent the FTSE NAREIT All Equity REITs Index.

Low Beta

Annaly is more stable than other yield oriented industries



Source: Bloomberg market data as of November 8, 2017. Equity REITs represent the FTSE NAREIT All Equity REITs Index. Utilities represent the Russell 3000 Utilities Index. MLPs represent the Alerian MLP Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index.

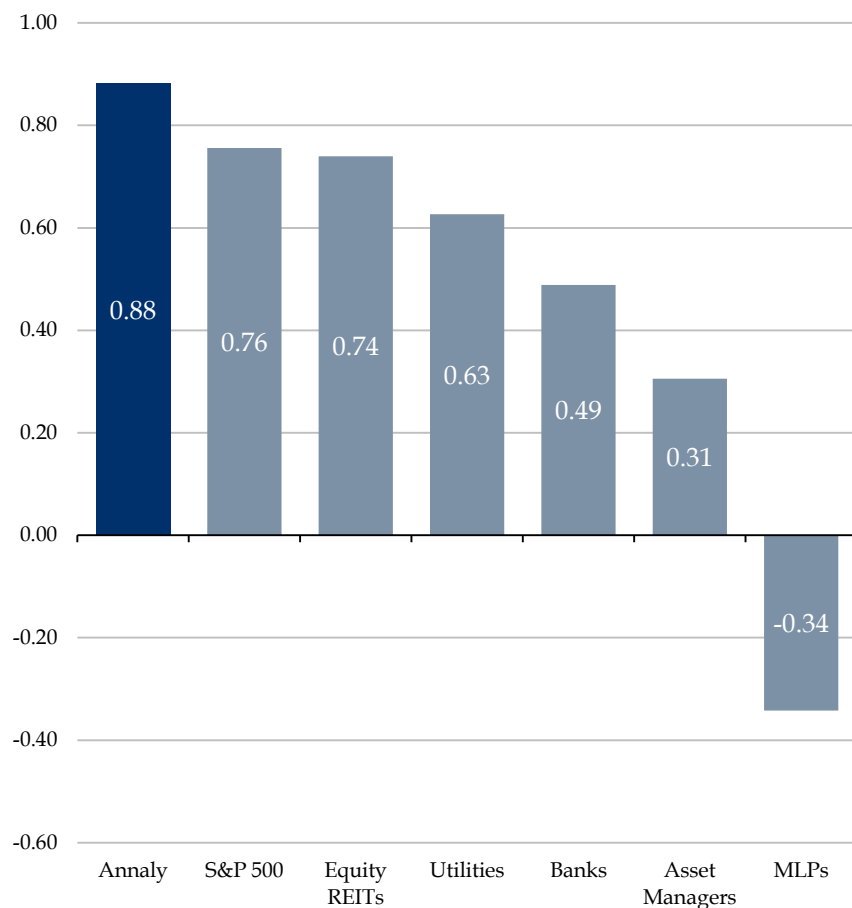
(1) Beta refers to Bloomberg's 'Overrideable Adjusted Beta' which estimates the degree to which a stock's price will fluctuate based on a given movement in the representative market index, calculated from January 1, 2014 through November 8, 2017. S&P 500 is used as the relative index for the calculation.

Risk-Adjusted Returns

Stability, low beta, and strong performance have resulted in superior risk-adjusted returns

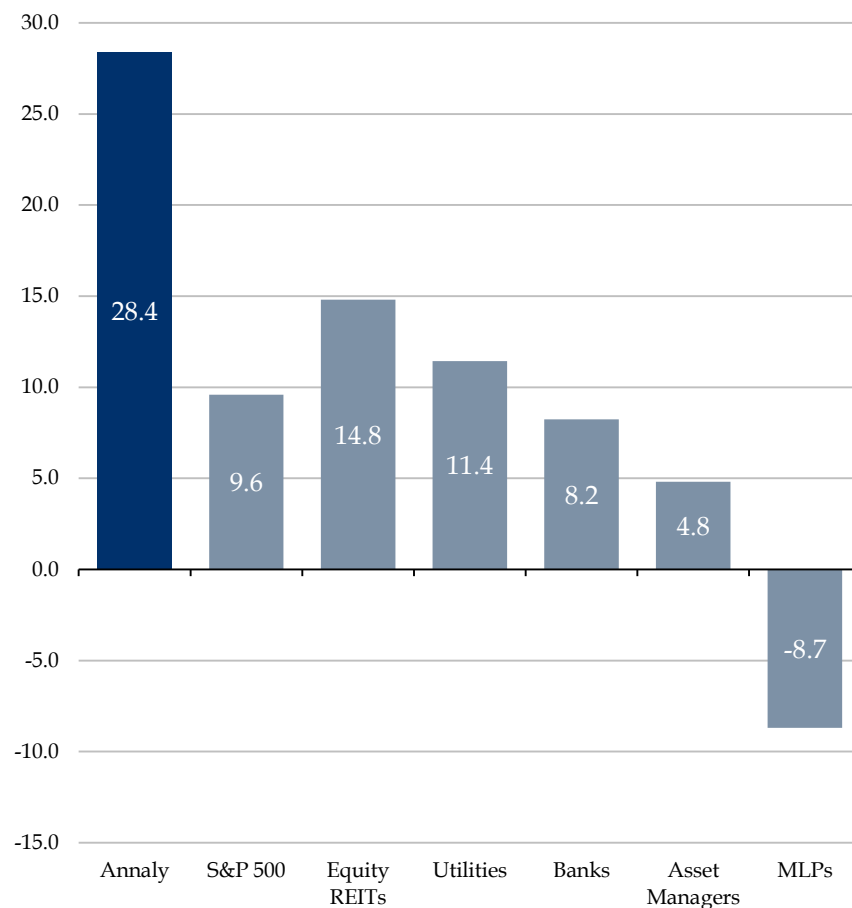
Performance vs. Standard Deviation of Returns

Sharpe Ratio⁽¹⁾



Performance vs. Beta

Treynor Measure⁽²⁾



Source: Bloomberg. Equity REITs represent the FTSE NAREIT All Equity REITs Index. Utilities represent the Russell 3000 Utilities Index. MLPs represent the Alerian MLP Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. Banks represent the KBW Bank Index.

(1) Sharpe Ratio defined as the annualized total shareholder return from January 1, 2014 through November 8, 2017, minus the average yield on the 10-yr Treasury over the respective period, divided by the annualized standard deviation of day to day total returns over the respective period.

(2) Treynor Measure defined as the annualized total shareholder return from January 1, 2014 through November 8, 2017, minus the average yield on the 10-yr Treasury over the respective period, divided by the beta over the respective period.

Relative Value Comparison Highlights Valuation Discount

Annaly trades at a relative discount to other yield producing sectors despite outperforming across operating and performance metrics

		Annaly	Equity REITs	S&P 500	Asset Managers	MLPs	Utilities	Banks
Valuation Multiples	Price to Book	0.95x	2.62x	3.20x	2.09x	1.66x	2.17x	1.34x
	Price to Earnings ⁽¹⁾	10.4x	17.2x	21.9x	16.8x	20.3x	17.1x	15.1x
	Dividend Yield	10.6%	3.8%	1.9%	2.0%	7.9%	3.9%	2.0%
Operating Efficiency & Risk	Operating Margin ⁽²⁾	57%	25%	13%	29%	12%	16%	30%
	Leverage ⁽³⁾	6.9x	2.3x	3.3x	7.3x	3.8x	3.8x	8.7x
	Beta ⁽⁴⁾	0.5	1.1	1.0	1.5	1.3	0.9	1.3
Enterprise Value Added	ROE	10.5%	4.5%	16.9%	15.6%	13.8%	9.6%	9.4%
	Cost of Equity ⁽⁵⁾	5.9%	10.0%	9.7%	12.3%	11.3%	8.6%	11.5%
	EVA Spread ⁽⁶⁾	4.5%	(5.5%)	7.1%	3.3%	2.6%	1.1%	(2.1%)

Potential Upside to
Valuation / More Efficient

Full Valuation /
Less Efficient

Source: Bloomberg, Company Financials. Operating Margin and ROE figures based on trailing 12 month financials as of Q3 2017. Market data as of November 8, 2017.

Note: Equity REITs represent the FTSE NAREIT All Equity REITs Index. Asset Managers represent the S&P 500 Asset Management and Custody Bank Index. MLPs represent the Alerian MLP Index. Utilities represent the Russell 3000 Utilities Index. Banks represent the KBW Bank Index.

(1) Price to Earnings refers to Price to Funds From Operation ("FFO") for equity REITs.

(2) Annaly Operating margin defined as (trailing 12 month net interest income - trailing 12 month operating expense) / trailing 12 month interest income. Bloomberg OPER_MARGIN field used for indices.

(3) Annaly Leverage is defined as Q3 2017 Economic Leverage. Bloomberg FNCL_LVRG field minus 1, making it a measure of debt to equity, used for indices. Companies with >50x leverage excluded. Financial data as of Q3 2017.

(4) Beta refers to Bloomberg's 'Overridable Adjusted Beta' which estimates the degree to which a stock's price will fluctuate based on a given movement in the representative market index and is calculated over a 2 year period as of November 8, 2017. SPX Index is used as the relative index for the beta calculation.

(5) Cost of Equity refers to the Bloomberg WACC_COST_EQUITY field which derives the cost of equity based on the Capital Asset Pricing Model methodology.

(6) EVA Spread Calculated as the ROE minus the Cost of Equity.

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Annaly's Opportunity

Market Environment	Annaly	vs.	mREIT Industry Trends ⁽¹⁾
Contained Growth/Gradual Removal of Central Bank Influence/Benign Inflation	Broad and Diversified Platform	vs.	Higher Risk "Monoline" Strategy
Fed \$ Policy: Price = Interest Rates Supply = Balance Sheet	Protecting Book Value	vs.	Losing Book Value
GSE Risk Sharing	Stable Dividends	vs.	Cutting Dividends
Banks Outsourcing Credit	Strong Liquidity/Multiple Financing Sources	vs.	Less Liquid/Single Source Financing
Private Equity Needs New Partners	Management Buying Stock	vs.	Management Selling Stock
Market Valuations at or above All Time Highs/Stable Yield in High Demand			

(1) mREITs represent the BBREMTG Index. Trends reflect observable market trends since 2014, if applicable.

Uniquely Positioned for the Future

The Annaly Advantages

Size / Liquidity

Diversification

Operating Efficiency

Shared Capital

Intellectual Capital

Stability

Beta

Performance

The Annaly Advantages differentiate the Company from its peers and the broader market

Annaly's Outlook | 20/20 Vision

Annaly	Q3 2017 ⁽¹⁾	2020 ⁽²⁾
Size	\$14bn	Significant Growth through Organic & External Opportunities
Diversification	Up to 25% Credit	Increase Allocation to Credit
Leverage	6x - 7x	Decrease Leverage
Return	10%	Grow Returns
Ownership	~60% Institutional Ownership	Increase Institutional Ownership

(1) Company filings as of September 30, 2017.
(2) Illustrative and subject to market conditions.

Executive Bios

Kevin G. Keyes
*President and
Chief Executive Officer*

Kevin G. Keyes serves as Chief Executive Officer and President of Annaly and is a member of the Board of Directors. On October 11, 2017, Kevin was appointed Chairman of the Board, effective January 1, 2018. Prior to joining Annaly in 2009, Mr. Keyes worked for 20 years in senior investment banking and capital markets roles primarily in the real estate and financial institution industries. From 2005 through 2009, Mr. Keyes served in senior management and business origination roles in the Global Capital Markets and Banking Group at Bank of America Merrill Lynch. Prior to that, he worked at Credit Suisse First Boston from 1997 through 2005 in various capital markets origination roles, and at Morgan Stanley Dean Witter from 1990 through 1997 in the Mergers and Acquisitions Group and the Real Estate Investment Banking Group. Mr. Keyes holds a B.A. in Economics and a B.S. in Business Administration (ALPA Program) from the University of Notre Dame.

David L. Finkelstein
Chief Investment Officer

David L. Finkelstein is Chief Investment Officer of Annaly. Mr. Finkelstein has over 20 years of experience in fixed income investments. Prior to joining Annaly in 2013, Mr. Finkelstein served for four years as an Officer in the Markets Group of the Federal Reserve Bank of New York where he was the primary strategist and policy advisor for the MBS Purchase Program. Prior to that, Mr. Finkelstein held Agency MBS senior trading positions at Salomon Smith Barney, Citigroup Inc. and Barclays PLC. Mr. Finkelstein received a B.A. in Business Administration from the University of Washington and a M.B.A. from the University of Chicago, Booth School of Business. Mr. Finkelstein also holds the Chartered Financial Analyst® designation.

Glenn A. Votek
Chief Financial Officer

Glenn A. Votek is Chief Financial Officer of Annaly. Mr. Votek has over 30 years of experience in financial services. Prior to joining Annaly in 2013, Mr. Votek was an Executive Vice President and Treasurer at CIT Group since 1999 and President of Consumer Finance since 2012. Prior to that, he worked at AT&T and its finance subsidiary from 1986 to 1999 in various financial management roles. Mr. Votek holds a B.S. in Finance and Economics from Kean University/University of Arizona, a M.B.A in Finance from Rutgers University and attended the Executive Education Program of the Colgate W. Darden Graduate School of Business Administration at the University of Virginia.

Timothy P. Coffey
Chief Credit Officer

Timothy P. Coffey is Chief Credit Officer of Annaly. Prior to that, Mr. Coffey served as Head of Annaly Middle Market Lending LLC from 2010 until January 2016. Mr. Coffey has over 20 years of experience in leveraged finance. Before joining Annaly in 2010, Mr. Coffey served as a Managing Director and Head of Debt Capital Markets in the Leverage Finance Group at Bank of Ireland. Previously, Mr. Coffey held positions at Scotia Capital, the holding company of Saul Steinberg's Reliance Group Holdings, and SC Johnson International. Mr. Coffey received a B.A. in Finance from Marquette University.

Anthony C. Green
Chief Legal Officer

Anthony C. Green is the Chief Legal Officer of Annaly. Mr. Green has over 15 years of experience in corporate and securities law. Mr. Green was Deputy General Counsel of Annaly from 2009 until March 2017. Prior to joining Annaly in 2009, Mr. Green was a partner in the Corporate, Securities, Mergers & Acquisitions Group at K&L Gates LLP. Mr. Green holds a B.A. in Economics and Political Science from the University of Pennsylvania and a J.D. and LL.M. in International and Comparative Law from Cornell Law School.

Leadership Bios

Ilker Ertas
*Head of Residential
Mortgage-Backed
Securities*

Ilker Ertas is Head of Residential Mortgage-Backed Securities at Annaly. Mr. Ertas has 20 years of experience in U.S. fixed income markets. Prior to joining Annaly in 2015, Mr. Ertas was at Citigroup Inc., where he was most recently a Managing Director and Head of Mortgage Derivatives Trading. Mr. Ertas has also held mortgage trading positions at Barclays PLC and Lehman Brothers Holdings Inc. Mr. Ertas received a B.S. in Industrial Engineering from Bogazici University in Istanbul, Turkey and a M.B.A. from the Yale School of Management.

Michael Fania
*Head of Residential
Credit*

Michael Fania is Head of Residential Credit at Annaly. Mr. Fania has over 10 years of experience in mortgage trading and portfolio management. Prior to joining Annaly in 2015, Mr. Fania was an Associate Director at MetLife Investments and was responsible for residential credit trading and strategy. Mr. Fania received a B.A. in Finance from Rutgers College and also holds the Chartered Financial Analyst® designation.

Michael T. Quinn
*Head of Annaly
Commercial Real Estate
Group Inc.*

Michael T. Quinn is Head of Annaly Commercial Real Estate Group Inc. Mr. Quinn has over 20 years of experience in corporate and commercial real estate finance. Prior to joining Annaly in 2014, Mr. Quinn was a Managing Director at Morgan Stanley and was responsible for sourcing, executing and managing investments in the Morgan Stanley Real Estate Funds. Prior to that, Mr. Quinn worked as an Associate at Security Capital Group and began a career as an Analyst at Dean Witter. Mr. Quinn received a B.B.A. from the University of Notre Dame.

Steven F. Campbell
*Chief Operating Officer
of Annaly Commercial
Real Estate Group Inc.*

Steven F. Campbell is Chief Operating Officer of Annaly Commercial Real Estate Group Inc. Mr. Campbell has over 20 years of experience in financial services. Prior to joining Annaly in April 2015, Mr. Campbell held various roles over six years at Fortress Investment Group LLC, including serving as a Managing Director in the Credit Funds business. Mr. Campbell also worked at General Electric Capital Corporation and D.B. Zwirn & Co, L.P. with a focus on credit and debt restructuring. Mr. Campbell received a B.B.A. from the University of Notre Dame and a M.B.A. from the University of Chicago, Booth School of Business.

Peter J. Dancy
*Head of Annaly Middle
Market Lending LLC*

Peter J. Dancy is Head of Annaly Middle Market Lending LLC. Mr. Dancy has 30 years of experience in deal origination, execution and structuring. Prior to joining Annaly in 2010, Mr. Dancy was a Managing Director and Head of U.S. Sponsor Coverage for Bank of Ireland. Prior to that, Mr. Dancy held various middle market lending and leverage finance positions at Regions Financial, BMO Harris Bank and Bank of America. Mr. Dancy received a B.A. from The College of Wooster and a M.B.A. from the University of Chicago, Booth School of Business.

Leadership Bios

Brooke E. Carillo
*Head of Corporate
Development and
Strategy*

Brooke E. Carillo is Head of Corporate Development and Strategy at Annaly. Ms. Carillo has 10 years of experience in corporate strategy, investment and capital markets roles. Prior to joining Annaly in 2010, Ms. Carillo worked in investment banking within the Financial Institutions Group at Bank of America Merrill Lynch. Ms. Carillo holds a B.S. in Economics, with minors in Spanish and Psychology, and graduated with high distinction from Duke University.

V.S. Srinivasan (Srin)
*Managing Director in
Annaly's Agency and
Residential Credit Group*

V.S. Srinivasan (Srin) is a Managing Director in Annaly's Agency and Residential Credit Group. Srin has over 20 years of experience in analyzing interest rate and credit risk mortgage-backed securities. Srin joined Annaly earlier this year from KLS Diversified Asset Management, where he was a portfolio manager of Agency MBS and Derivatives. Prior to that, Srin was a Managing Director and Head of Structured Products Modeling at Barclays PLC, with previous experience at J.P. Morgan and Bear Stearns and Co. as a mortgage prepayment strategist. He received a B.S. from the Indian Institute of Technology and a M.S. from Rutgers University.

Souren G. Ouzounian
*Deputy Chief Financial
Officer and Treasurer*

Souren G. Ouzounian is Deputy Chief Financial Officer and Treasurer of Annaly. Mr. Ouzounian has over 25 years of experience in financial services. Prior to joining Annaly in April 2017, Mr. Ouzounian spent 18 years at Bank of America Merrill Lynch and Merrill Lynch & Co., where most recently, he was Head of Americas Corporate Finance. Mr. Ouzounian received a B.A. from Columbia College and a M.B.A. from the Sloan School of Management at Massachusetts Institute of Technology.

Jessica LaScala
*Head of Investor
Relations*

Jessica LaScala is Head of Investor Relations at Annaly. Ms. LaScala has over 15 years of experience in mortgage trading and portfolio management. Prior to joining Annaly in 2014, Ms. LaScala was at the Federal Reserve Bank of New York where she managed Mortgage Operations for the Federal Reserve's MBS Purchase Program. Before joining the Federal Reserve Bank of New York, Jessica worked at Citigroup Inc. as an Agency MBS Trader. Jessica earned a B.A. in Political Science from Columbia University, Barnard College.

Helen W. Crossen
*Chief Administrative
Officer*

Helen W. Crossen is the Chief Administrative Officer of Annaly where she has responsibility for the firm's administrative needs, which includes overseeing human resources, facilities and the corporate administrative team. Prior to joining Annaly in 2014, Ms. Crossen was a Vice President of Human Resources at NBC Universal where she led the corporate Human Resources team that supported the Finance, Legal, Strategy and Communications functions. Ms. Crossen previously worked at GE Capital, where she held Human Resources roles supporting the GE Corporate Risk function and the Global Sponsor Finance Business. Ms. Crossen began her Human Resources career at IBM. Ms. Crossen has also clerked at the NFL and the Equal Employment Opportunity Commission (EEOC). Ms. Crossen holds a B.A., a M.A. and a J.D. from Rutgers University.

ANNALY® | Overview of Annaly Businesses

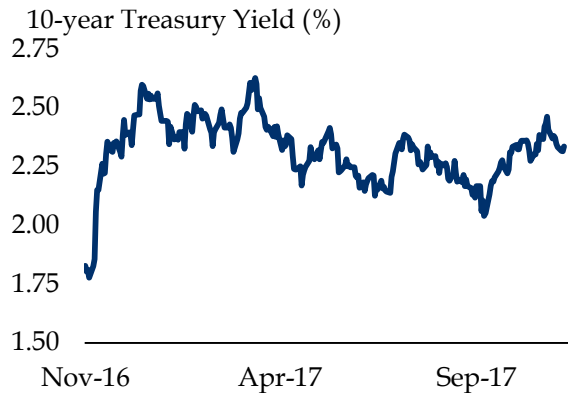
Overview of Annaly Businesses

- 1 **Agency**
- 2 Residential Credit & Future of Housing Finance
- 3 Commercial Real Estate
- 4 Middle Market Lending

State of the Agency Market

Over the past year, the Agency MBS market has benefited from low volatility, relative attractiveness compared to credit, sound demand and readily available financing

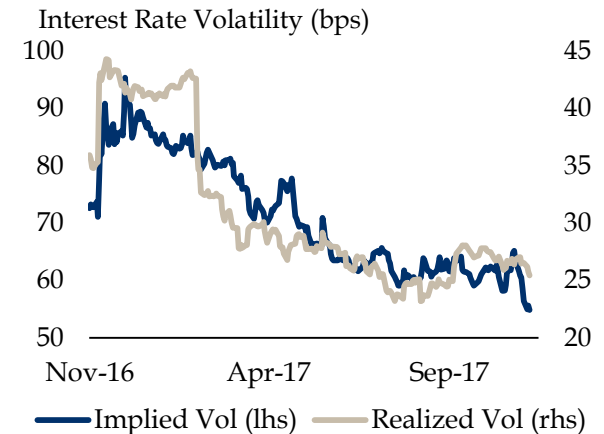
Range Bound Yields in 2017...



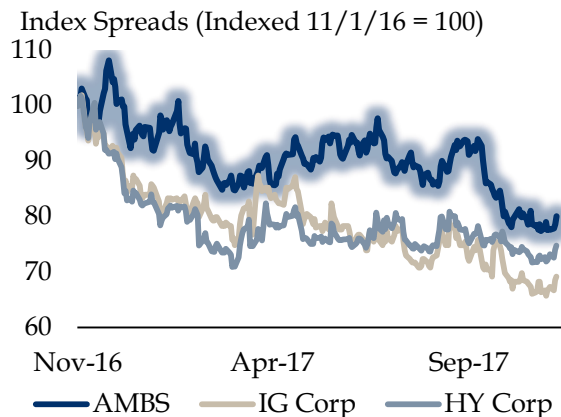
...Have Kept MBS Prices Stable...



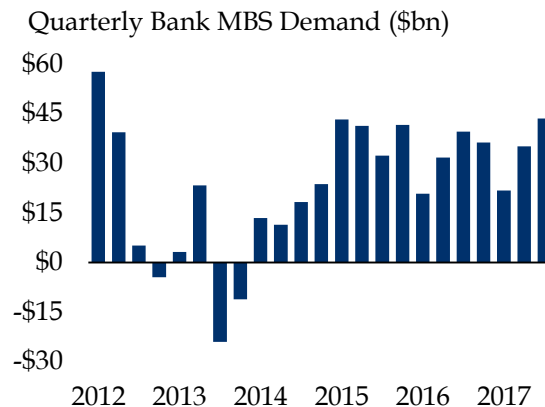
...Reducing Interest Rate Volatility⁽¹⁾



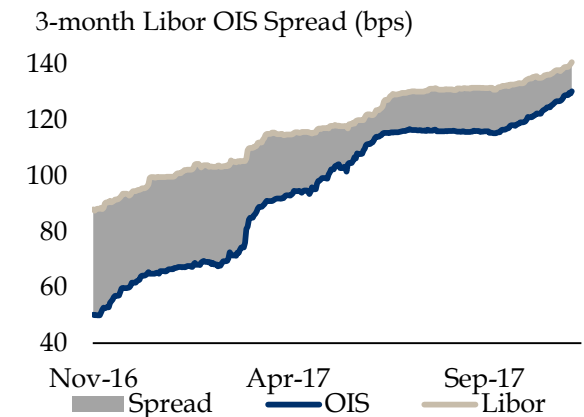
Agency MBS Spreads Have Tightened Less⁽²⁾...



...and Demand Remains Sound⁽³⁾...



...as Balance Sheet Remains Available



Source: Bloomberg market data as of November 8, 2017 unless otherwise noted. There is no assurance that the trends highlighted above will occur in the future.

(1) Implied volatility on 3-month 10-year swaption, realized volatility on forward starting 3-month 10-year swap.

(2) J.P. Morgan Research.

(3) Haver Analytics.

Agency – Annaly Advantages and Highlights

Annaly Agency Advantages	Annaly Agency Highlights
Analytical Expertise	In-house proprietary analytics that identify emerging prepayment trends
Hedging Diversity	Diversified and comprehensive hedging strategy
Optimized Financing and Liquidity	Traditional wholesale repo, proprietary broker-dealer, Federal Home Loan Bank (“FHLB”) membership and direct repo
Superior Relative Value Analytics and Asset Selection	85% of the portfolio is positioned in securities with prepayment protection
Size and Scale of Platform	~\$107.3bn in Agency MBS ⁽²⁾ ; Over 20 years of industry leadership on average

Source: Company filings as of September 30, 2017. Bloomberg market data as of November 8, 2017.

(1) Inclusive of TBA purchase contracts (market value) and MSRs.

Agency – Portfolio Composition

The Annaly Agency Group invests in Agency MBS collateralized by residential mortgages

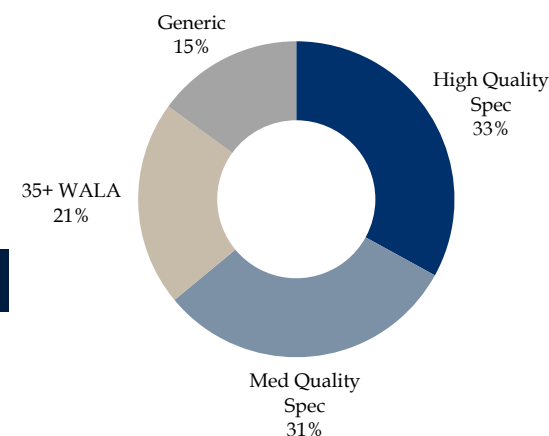
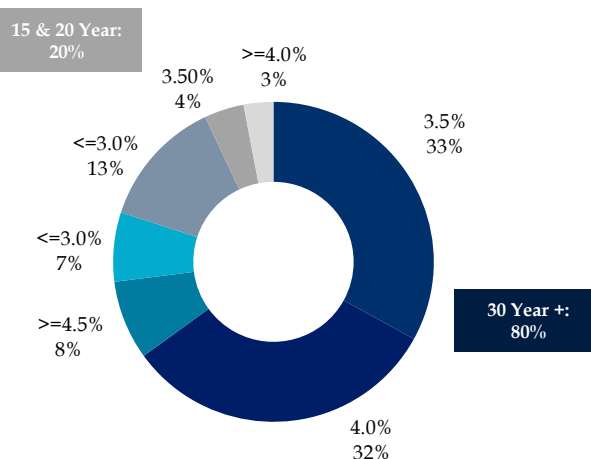
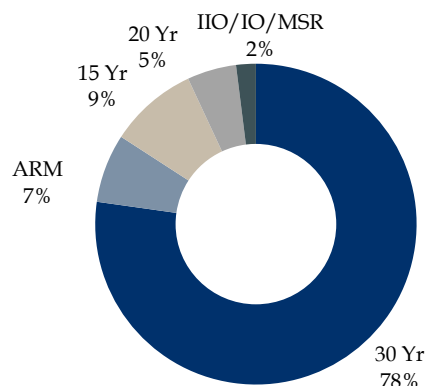
Assets ⁽¹⁾	Capital ⁽²⁾ (% of Total)	Levered Return ⁽³⁾	Strategy	Book Value Impact
\$107.3bn	\$11.3bn (77%)	9 - 11%	Countercyclical / Defensive	Higher Impact

Agency Portfolio Composition

Asset Type⁽¹⁾

Pass Through Coupon Type

Call Protection⁽⁴⁾



Source: Company filings as of September 30, 2017. Percentages based on fair market value and may not sum to 100% due to rounding.

(1) Inclusive of TBA purchase contracts (market value) and Mortgage Servicing Rights ("MSRs").

(2) Dedicated capital includes TBA purchase contracts, excludes non-portfolio related activity and varies from total stockholders' equity.

(3) Levered return assumptions are for illustrative purposes only and attempt to represent current market asset returns and financing terms for prospective investments of the same, or a substantially similar, nature in the Agency sector.

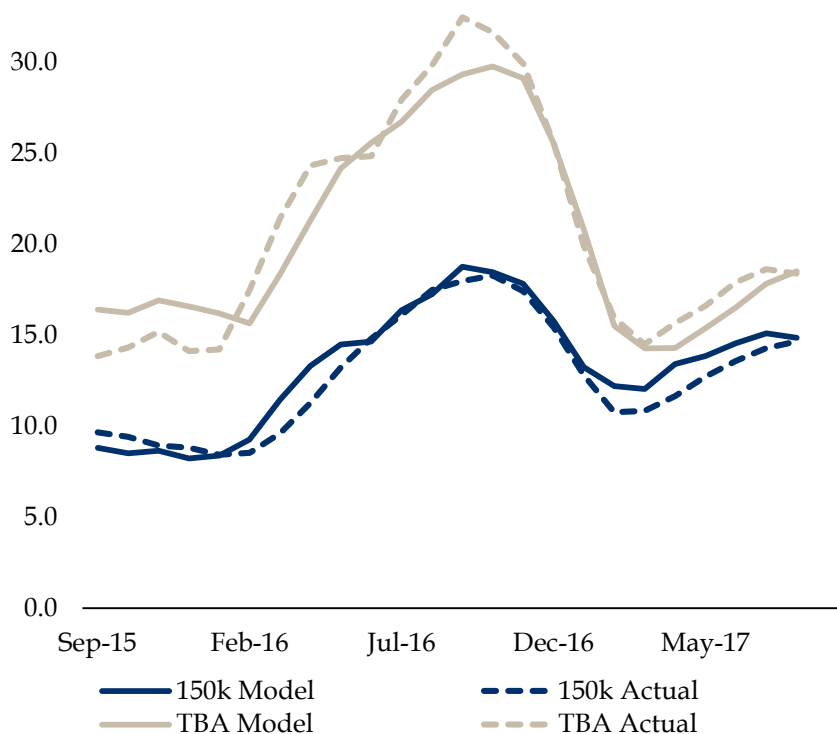
(4) "High Quality Spec" protection is defined as pools backed by original loan balances of up to \$125k, highest LTV pools (CR>125% LTV), geographic concentrations (NY/PR). "Med Quality Spec" includes \$200k loan balance, \$175k loan balance, \$150k loan balance, high LTV pools (CQ 105-125% LTV). "35+ WALA" is defined as weighted average loan age greater than 50 months and treated as seasoned collateral.

Agency Advantage – Hedging Diversity & Analytical Expertise

Critical components to book value protection are methodical hedging and deep analysis of cash flows

Proprietary analytics have allowed more accurate estimates of cash flows

Model and Actual Prepayment Speeds for 2014 vintage FNCL 4.0s, 3m CPR⁽¹⁾
35.0



Annaly employs a more diversified and comprehensive hedging strategy than its Agency Peers⁽²⁾

Instrument	NLY	Agency Peers ⁽²⁾
Swaps, Eurodollar Futures, Treasury Futures	●	●
Swaptions	●	◐
Mortgage Derivatives ⁽³⁾	●	◐
Mortgage Servicing Rights	●	○
Expanded Asset Opportunity Set (DUS, ARMs, etc.)	●	◑

● 4-5 Peers ◐ 3 Peers ◑ 2 Peers ◒ 1 Peer ○ 0 Peers

*Symbols indicate estimated extent of usage among Annaly and Agency Peers.⁽²⁾ Full circle credit given to Annaly for each hedging strategy that it currently utilizes.

Source: Company filings as of September 30, 2017. Bloomberg market data as of November 8, 2017.

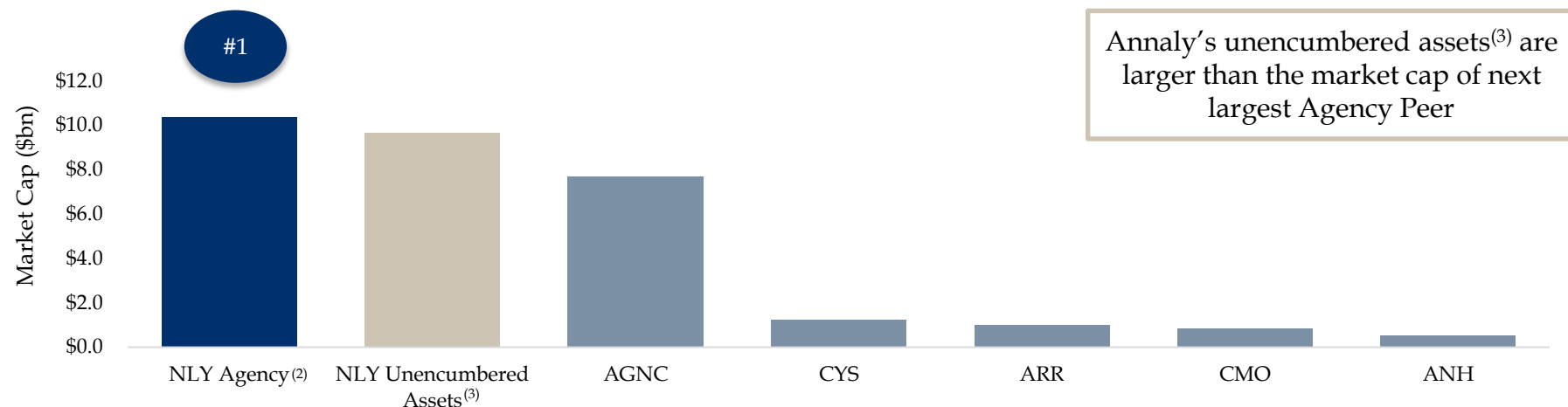
(1) Annaly calculations related to proprietary analytics model. CPR represents the annual rate of prepayments in a particular mortgage pool in percent.

(2) See Endnote 2 in Appendix for list of Agency Peers.

(3) Mortgage derivatives are mortgage options, interest-only and inverse interest-only securities.

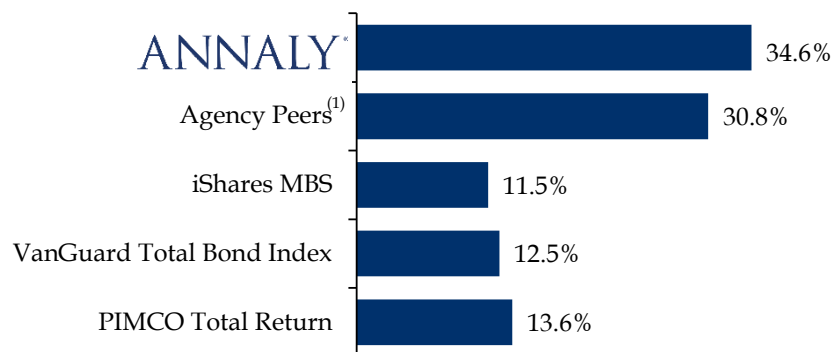
Agency Advantage – Scale and Returns

Annaly's focus on hedging and analytical expertise has directly contributed to positive economic returns relative to Agency peers⁽¹⁾



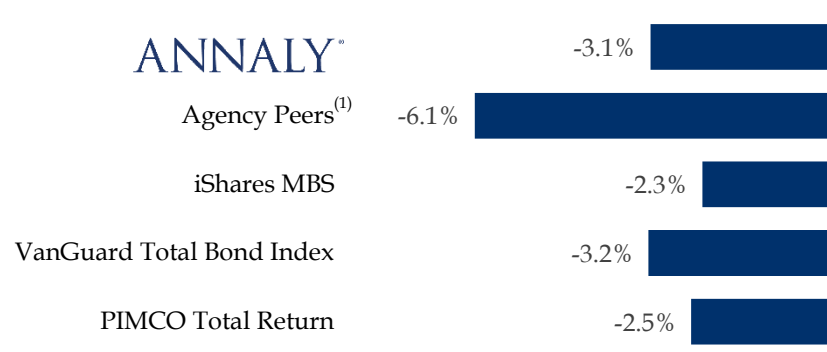
Economic Returns Since 2014

Since 2014 | Establishment of Annaly Investment Team⁽⁴⁾



Economic Returns in Adverse Markets

Q4'16 | Second Largest Quarterly Move in 10-Yr Tsy this Century⁽⁴⁾



Source: Company filings as of September 30, 2017. Bloomberg market data as of November 8, 2017.

(1) See Endnote 2 in Appendix for list of Agency peers.

(2) #1 sector ranking compares Agency's dedicated equity capital as of September 30, 2017, adjusted for the sector average price to book multiple, to the market capitalization of Agency mREITs in the BBREMTG Index as of November 8, 2017.

(3) "Unencumbered assets" are representative of Annaly's excess liquidity and are defined as assets that have not been pledged or securitized (including cash and cash equivalents, Agency MBS, CRT, Non-Agency MBS, Residential mortgage loans, MSRs, CRE debt investments, CRE debt and preferred equity held for investment and corporate debt).

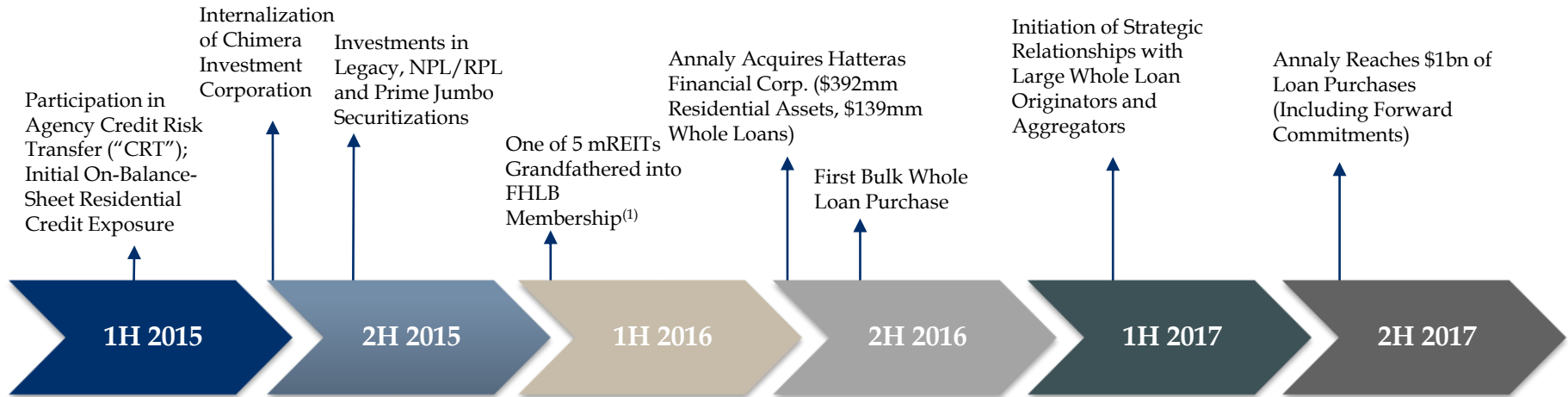
(4) Indices and funds are representative of relevant fixed income market participants and are for informative purposes only.

Overview of Annaly Businesses

- 1 Agency
- 2 Residential Credit & Future of Housing Finance**
- 3 Commercial Real Estate
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Residential Credit – Portfolio Evolution

Annaly can pivot asset allocations as market dynamics change due to strategically avoiding operating businesses

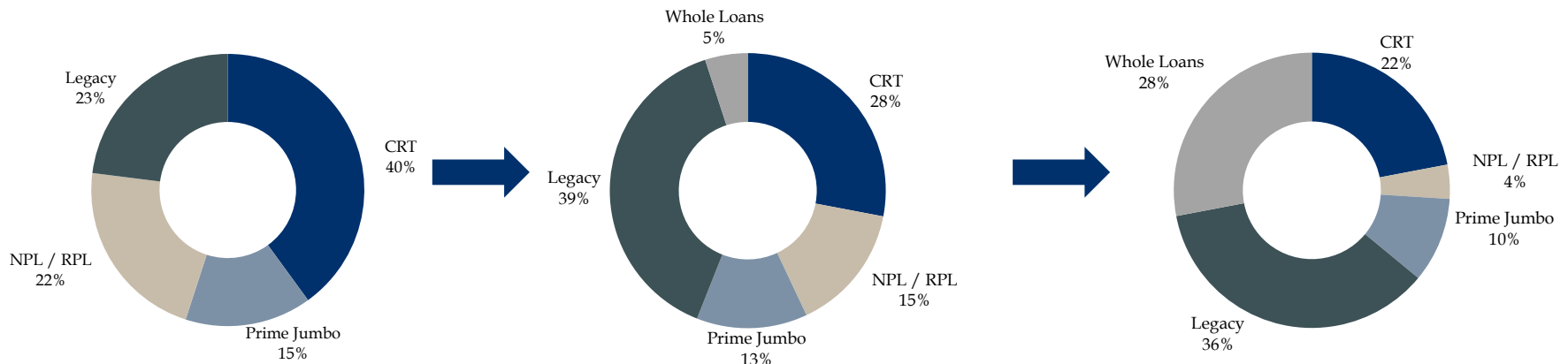


Evolution of the Residential Credit Portfolio Composition⁽²⁾

Q3 2015

Q3 2016

Q3 2017



Source: Company filings as of September 30, 2017. Percentages based on fair market value and reflect economic interest in securitizations. Percentages may not sum to 100% due to rounding.

(1) Note that as of September 30, 2017 there are 6 mREITs with FHLB membership. Refers to FHLB membership through February 2021.

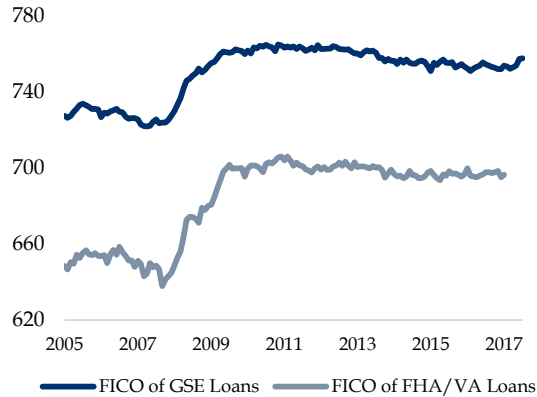
(2) CRT refers to Agency CRT and Private Label CRT. Legacy refers to Prime, Alt-A and Subprime. Prime Jumbo includes the economic interest of certain positions that are classified as residential mortgage loans within our consolidated financial statements.

State of the Residential Credit Market

Supportive housing fundamentals have contributed to strong performance of Annaly's existing portfolio, while tight spreads have made it challenging to redeploy capital within securitized markets

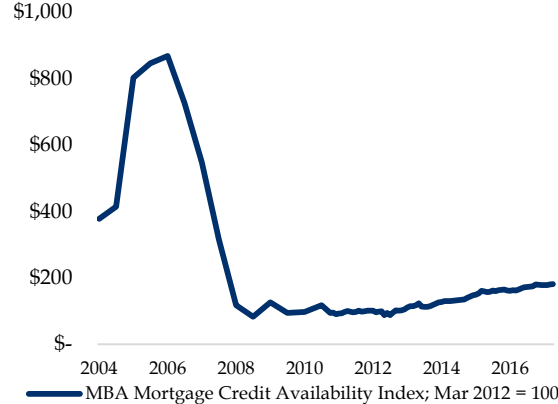
Underwriting Standards Remain Tight Post-Crisis⁽¹⁾

FICO Score



Credit Availability Has Seen Modest Increase, Still Well Below Pre-Crisis Levels⁽²⁾

Available Credit (\$mm)



Limited Housing Inventory Driving Home Prices⁽³⁾

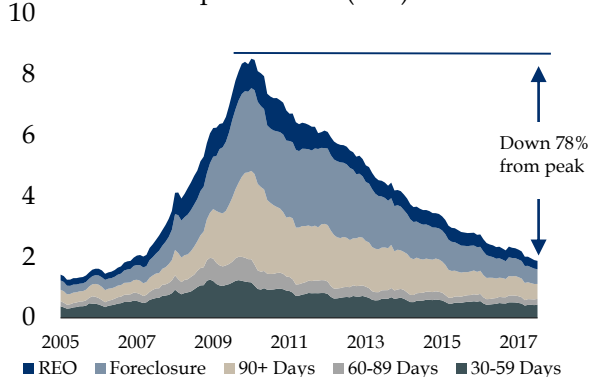
Months Supply (months)

Existing Inventories (\$mm)



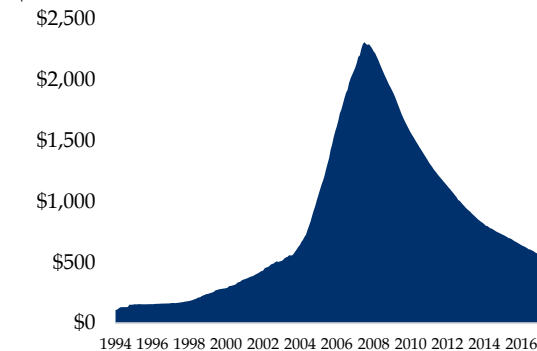
Shadow Inventories Continue to Decline; Distressed Sales at ~4%⁽⁴⁾

Count of Delinquent Loans (mm)



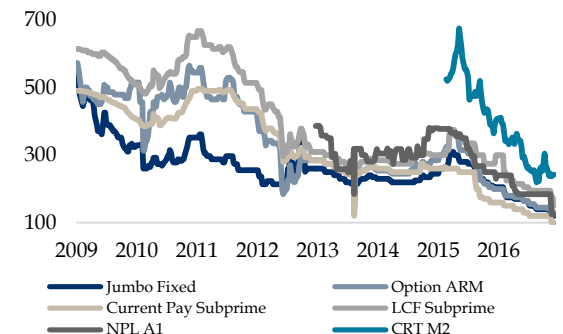
Securitized Residential Credit Universe Continues to Decline⁽⁵⁾

\$bn



Asset Spreads are at Post-Crisis Tights⁽⁶⁾

Spreads (bps)



Note: There is no assurance that the trends highlighted above will occur in the future.

(1) Goldman Sachs Research.

(2) Mortgage Bankers Association.

(3) St. Louis Federal Reserve Economic Data; National Association of Realtors.

(4) Morgan Stanley Research.

(5) Citigroup Research.

(6) Bank of America Merrill Lynch Research.

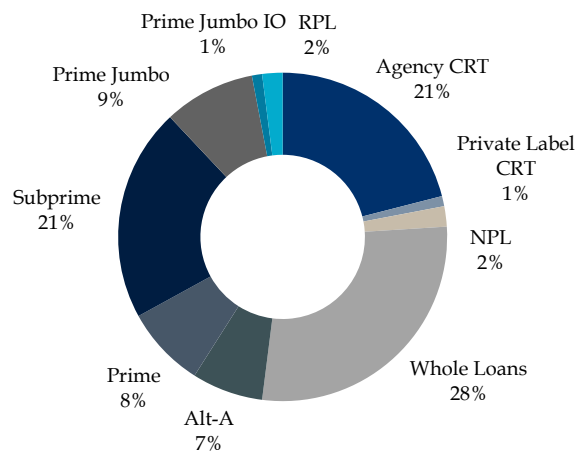
Residential Credit – Portfolio Composition

The Annaly Residential Credit Group invests in Non-Agency Residential Mortgage Securities and Whole Loans

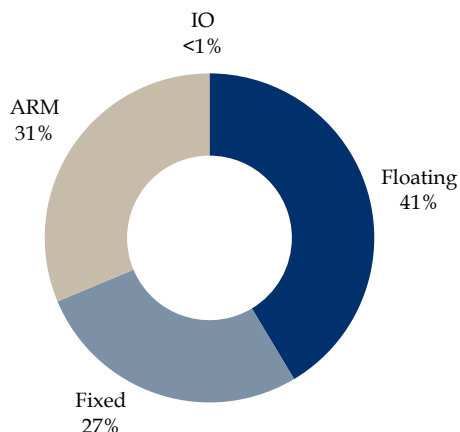
Assets	Capital (% of Total)	Levered Return ⁽¹⁾	Strategy	Book Value Impact
\$2.7bn	\$1.4bn (10%)	9 - 11%	Cyclical / Growth	Higher Impact

Residential Credit Portfolio Composition

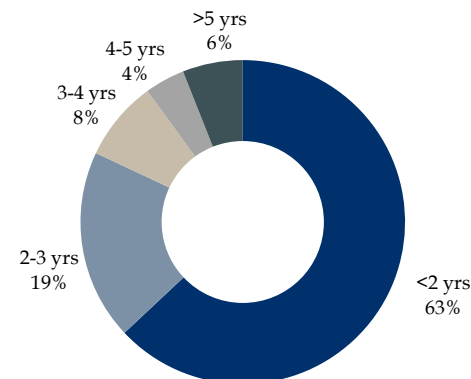
Sector Type⁽²⁾⁽³⁾⁽⁴⁾



Coupon Type⁽²⁾



Effective Duration⁽²⁾



Note: Company filings as of September 30, 2017. Percentages based on fair market value and reflect economic interest in securitizations. Percentages may not sum to 100% due to rounding.

(1) Levered return assumptions are for illustrative purposes only and attempt to represent current market asset returns and financing terms for prospective investments of the same, or a substantially similar, nature in the Residential Credit Sector.

(2) Pie charts are shown exclusive of securitized residential mortgage loans of a consolidated VIE.

(3) Prime Jumbo includes the economic interest of certain positions that are classified as residential mortgage loans within our consolidated financial statements.

(4) Prime classification includes \$912mm of Prime IO.

Residential Credit – Annaly Advantages and Highlights

Annaly Residential Credit Advantages	Annaly Residential Credit Highlights
Proprietary Partnerships	Strategic partnerships with multiple Top 10 mortgage originators and established Non-QM aggregators
Diversified Platform	Exposure to over 10 separate investment products within the Non-Agency Residential market
Nimble, Scalable Portfolio	Securitized portfolio has grown to \$1.9bn in less than three years; Whole loans have grown to \$800mm in just over one year
Funding Relationship	1 of 6 mREITs with access to FHLB funding ⁽¹⁾
Natural Hedge to Fixed-Rate Agency MBS Portfolio	~80% of the residential portfolio has an effective duration less than three years

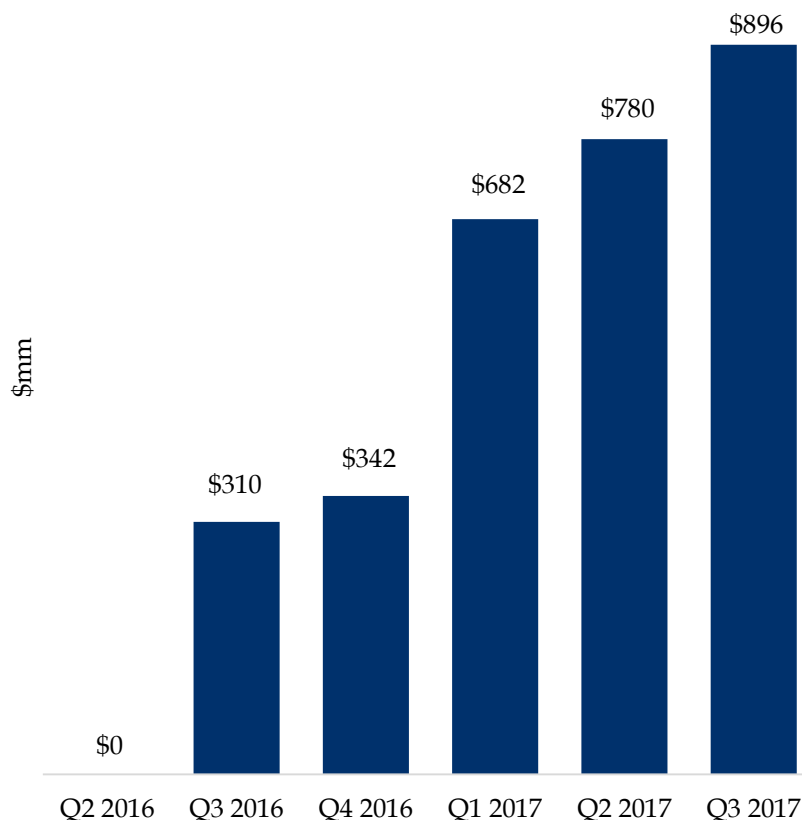
Source: Company filings as of September 30, 2017.

(1) Refers to FHLB membership ending February 2021.

Residential Credit Advantage – Strategic Asset and Funding Relationships

Strategic asset sourcing and financing advantages have led to substantial growth

Strategic partnerships have allowed Annaly to scale whole loan portfolio⁽¹⁾



FHLB financing provides significant funding advantage over warehouse financing

	FHLB Financing	Representative Street Financing	Securitization ⁽³⁾
Expanded Whole Loan Asset Spread	230	230	230
Funding Source	FHLB	Warehouse Facility	Securitization
Cost of Funds	3mL+10	12mL+200	swaps+125
Market Value Advance Rate ⁽²⁾	82%	85%	95%
Recourse Leverage (Debt/Equity)	4.5x	5.6x	-
Structural Leverage	0.0x	0.0x	14.3x
Asset Spread - Financing Rate (bps)	220	30	105
Equity Investment	18%	15%	5%
Levered Yield	13.0%	5.0%	9.0% - 10.0%

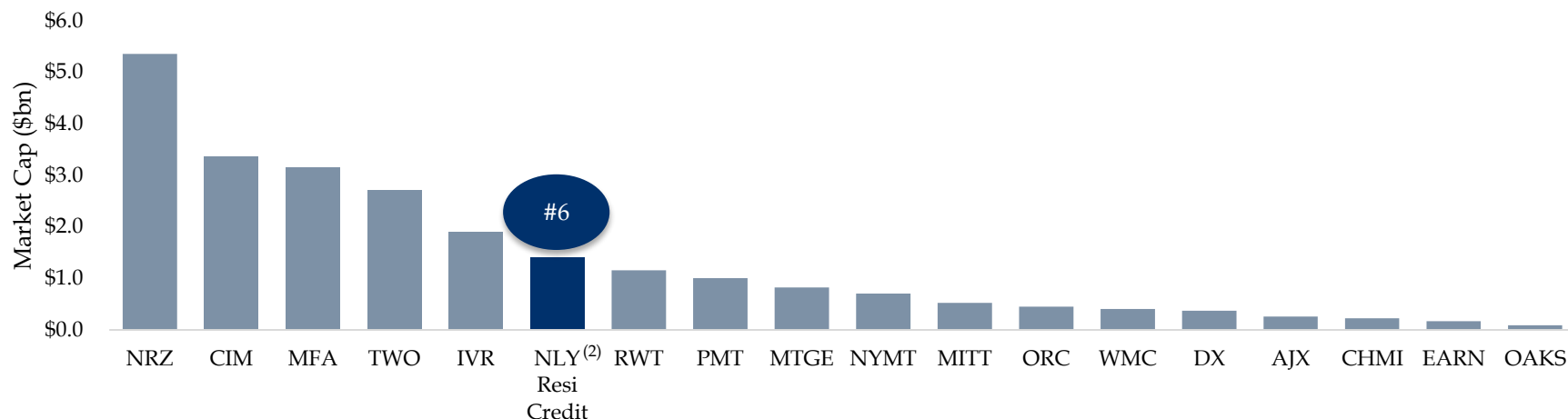
(1) "Whole loan" represents GAAP whole loan position disclosed in Company's quarterly and annual reports.

(2) Advance rate set by respective counterparty.

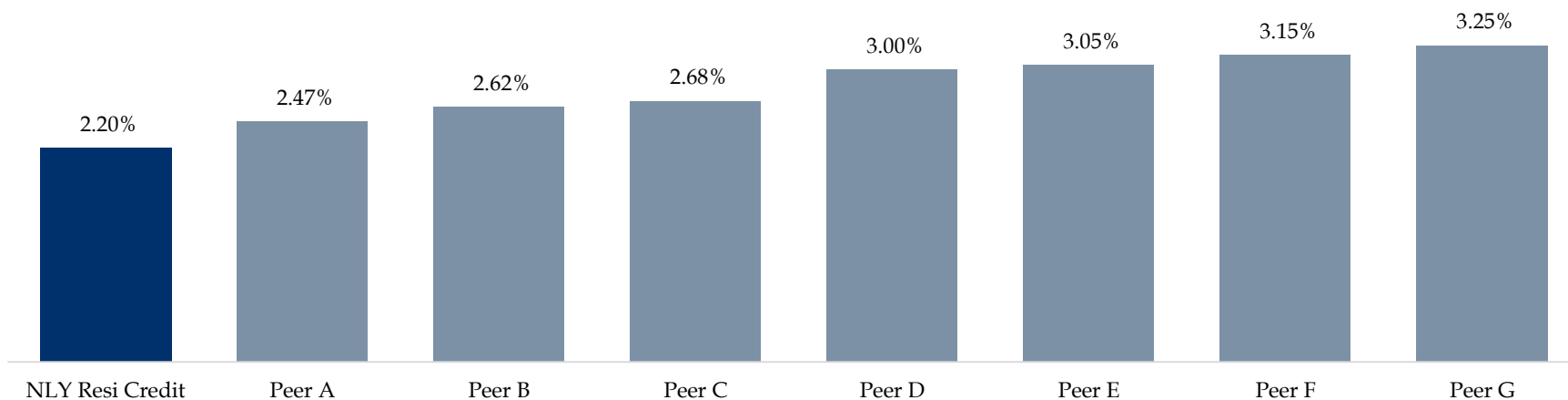
(3) Securitization assumes the retention of the most subordinate 7% of the transaction (B3 – B6 tranches).

Residential Credit Advantage – Scale and Funding Comparison

Annaly Residential Credit's funding advantage may allow for more attractive returns in the Residential Credit market as compared to select peers⁽¹⁾



Residential Credit Overall Cost of Funding Compelling vs. Select Residential Credit Peers⁽¹⁾



Source: Company filings as of September 30, 2017.

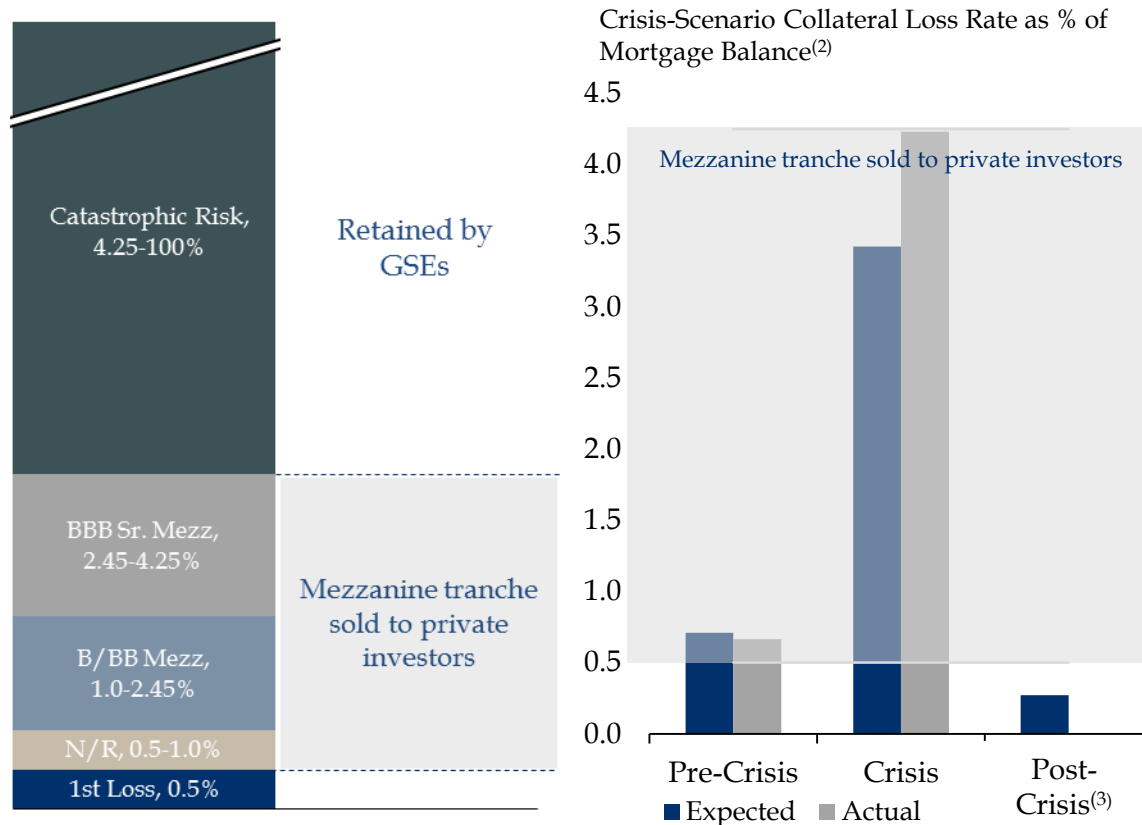
(1) See Endnote 2 in Appendix for list of Select Resi Credit Peers.

(2) #6 sector ranking compares Annaly Residential Credit's dedicated equity capital as of September 30, 2017, adjusted for the sector average price to book multiple, to the market capitalization of Hybrid mREITs in the BBREMITG Index as of November 8, 2017.

Future of U.S. Housing Finance

The introduction of CRT to move mezzanine residential credit risk to the private sector has been a success

The CRT structure⁽¹⁾ has moved unexpected losses to the private sector



- GSEs have transferred credit risk on 74% of 30-year loans issued since 2014
- Residential credit losses could reach as high as 3.4% if a crisis-repeat scenario were to occur within 2 years of origination
- Catastrophic tail losses require prolonged excess in housing markets and finance

The GSEs have successfully secured private capital to distribute a vast majority of their credit risk - what remains is a resolution to deal with the limited catastrophic tail risk

Source: Fannie Mae.

(1) Structure depicted represents Fannie Mae CAS 2017-C06 G2.

(2) Graph depicts expected losses of collateral in CAS 2017-C06 G2 vs. historical losses on loans with more than 10 years history. Expected losses are modeled by Fannie Mae should the deal's underlying collateral experience conditions similar to collateral issued before the crisis (2000-2005), during the crisis (2006-2007) and after the crisis (2009-2016).

(3) Post-Crisis expected losses are based on modeled, rather than actual developments in home prices. Actual losses thus far have been very small.

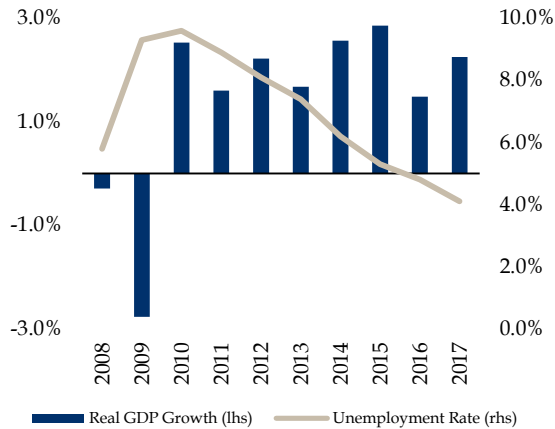
Overview of Annaly Businesses

- 1 Agency
- 2 Residential Credit & Future of Housing Finance
- 3 Commercial Real Estate**
- 4 Middle Market Lending

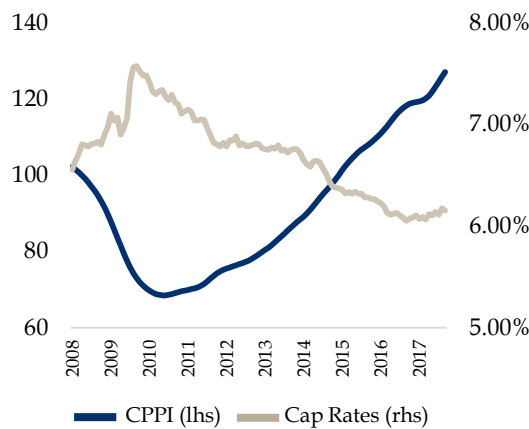
State of the Commercial Real Estate Market

Mixed signals require a selective approach to new investments

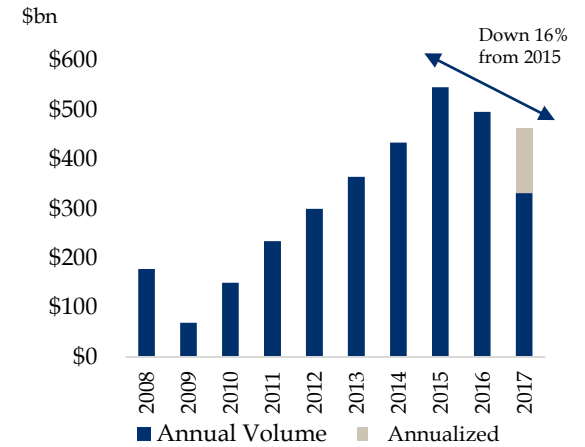
Positive Economic Backdrop



CPPI vs. Cap Rates⁽¹⁾



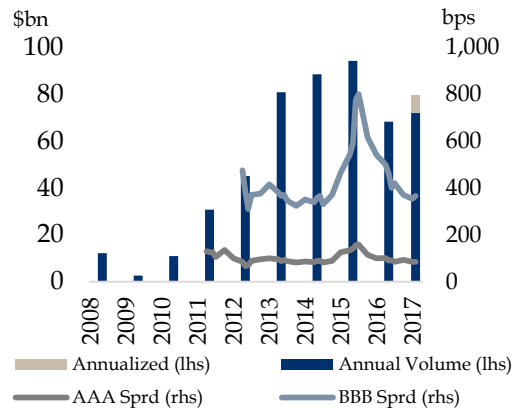
Transaction Volumes⁽¹⁾



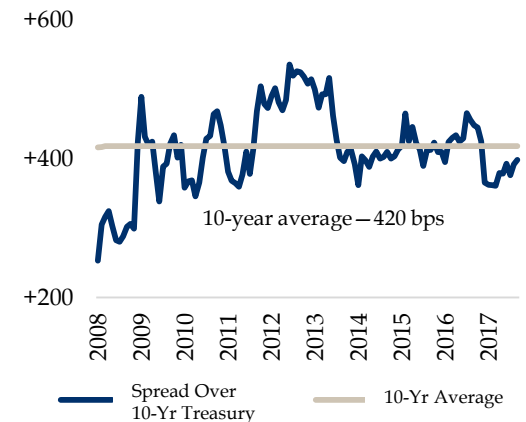
MSCI U.S. REIT Index



CMBS Volumes and Spreads⁽²⁾



Cap Rate Spread to 10-Yr Treasury⁽¹⁾



Source: Bloomberg market data as of November 8, 2017 unless otherwise noted.
 Note: There is no assurance that the trends highlighted above will occur in the future.
 (1) Real Capital Analytics www.rcanalytics.com.
 (2) J.P. Morgan Research.

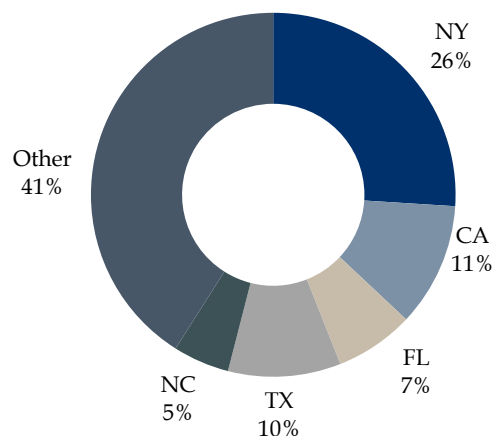
Commercial Real Estate – Portfolio Composition

ACREG originates and invests in commercial mortgage loans, securities, and other commercial real estate debt and equity investments

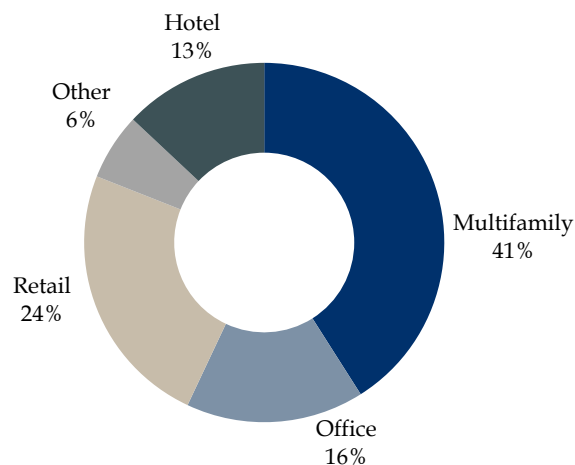
Assets	Capital (% of Total)	Levered Return ⁽¹⁾	Strategy	Book Value Impact
\$2.0bn	\$1.1bn (8%)	8 - 10%	Cyclical / Growth	Low Impact

ACREG Portfolio Composition

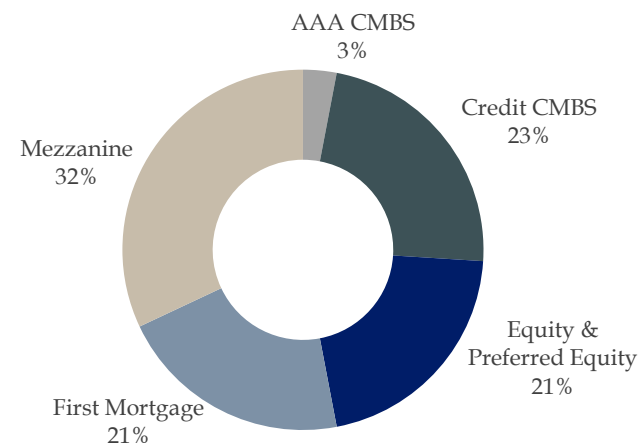
Geographic Concentration⁽²⁾



Sector Type



Asset Type



Note: Company filings as of September 30, 2017. Percentages based on economic interest and may not sum to 100% due to rounding. Portfolio data excludes consolidated VIEs associated with B-Piece commercial mortgage-backed securities and includes CMBS conduit securities.

(1) Levered return assumptions are for illustrative purposes only and attempt to represent current market asset returns and financing terms for prospective investments of the same, or a substantially similar, nature in the Commercial Real Estate sector.

(2) Other represents the remaining 23 states in the portfolio, none of which constitute 5% or more of the total portfolio.

Commercial Real Estate – Annaly Advantages and Highlights

ACREG Advantages	ACREG Highlights
Investing Discipline	Cautious stance given mixed signals; Premium on cash flow and downside protection
Strong In-House Capital Management	Robust credit culture pervades entire deal process from origination to asset management
High Quality Sourcing Capability	Experienced originations team with deep broker and sponsor relationships
Several Financing Options to Maximize Return	Diversity of funding sources; Significant liquidity on Annaly balance sheet
Multiple Investment Options	Exposure to investment options that span the capital structure

Commercial Real Estate Advantage – Multiple Investment Options

ACREG's multiple investment options provide flexibility across investment sizes, geographies and structures

Investment Options and Recent Illustrative Examples

Floating Rate First Mortgage



Denver West

- \$112mm floating rate loan to a private equity sponsor for a portfolio of office properties
- 1.5mm square foot office park
- Denver, CO

CMBS



Freddie Mac 2015 KLSF

- \$102mm B-Piece of Freddie Mac floating rate securitization
- Acquisition financing for private equity sponsor
- 18.2k unit multi-family portfolio
- Concentrated in nine states

Mezzanine



Westin New Orleans

- \$15mm floating rate mezzanine loan to a private equity sponsor for the acquisition of an institutional quality hotel
- 437 room hotel
- New Orleans, LA

Equity



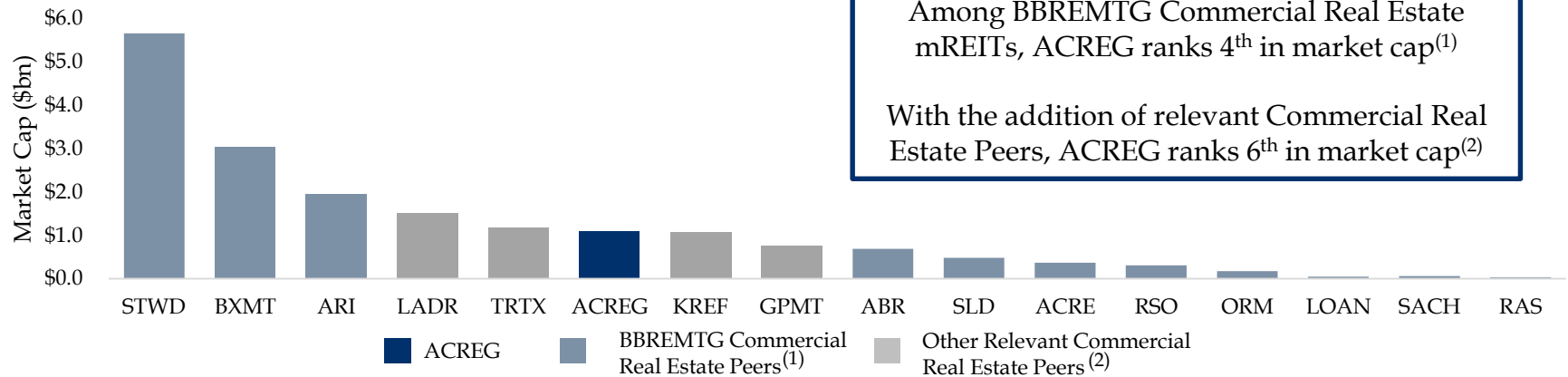
Ellicott House

- \$75mm joint venture acquisition with strong, national owner-operator
- 327 unit apartment building
- Washington, DC

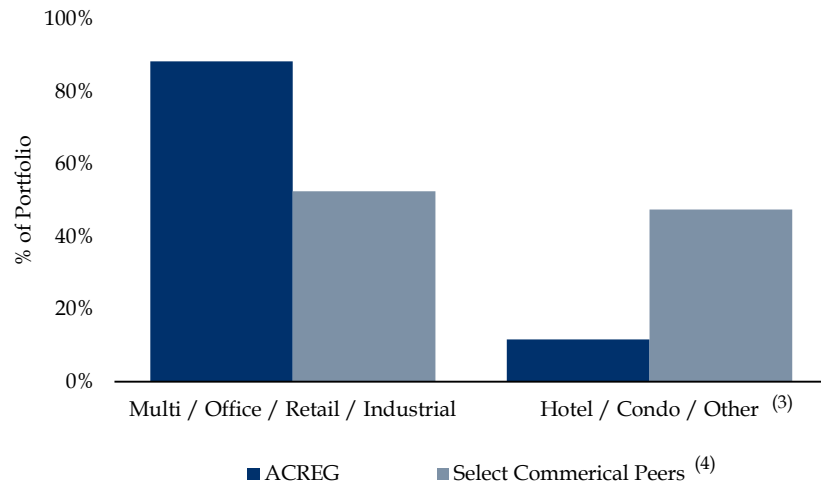
Note: Above select transactions are shown for illustrative purposes only and there is no assurance that similar investment options will be available in the future or are indicative of future transactions in the ACREG portfolio. All transactions have closed as of September 30, 2017.

Commercial Real Estate – Scale and Strategic Portfolio Positioning

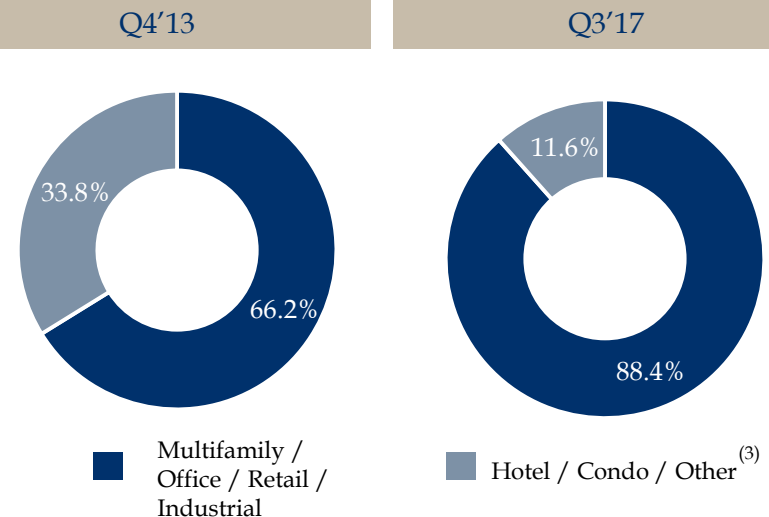
Credit management advantage provides informed view on commercial cycle



ACREG's portfolio is concentrated in assets with durable cash flows...



...a portfolio shift evolving since 2014



Source: Company filings as of September 30, 2017 unless otherwise noted. Bloomberg market data as of November 8, 2017.

(1) #4 sector ranking compares ACREG's dedicated equity capital as of September 30, 2017, adjusted for the sector average price to book multiple, to the market capitalization of Commercial Real Estate mREITs in the BBREMTG Index as of November 8, 2017.

(2) #6 sector ranking compares ACREG's dedicated equity capital as of September 30, 2017, adjusted for the sector average price to book multiple, to the market capitalization of Commercial Real Estate mREITs in the BBREMTG Index as of November 8, 2017, as well as additional relevant Commercial Real Estate Peers (inclusive of recent Commercial Real Estate IPOs (TRTX, KREF, GPMT) and LADR).

(3) "Other" includes Land, Construction, Urban Retail Predevelopment, Healthcare, Manufactured Home Construction, Manufactured Home Parks, Mixed-Use, Self-Storage, Student Housing, Car Wash and Data Centers.

(4) See Endnote 2 in Appendix for list of Select Commercial Peers.

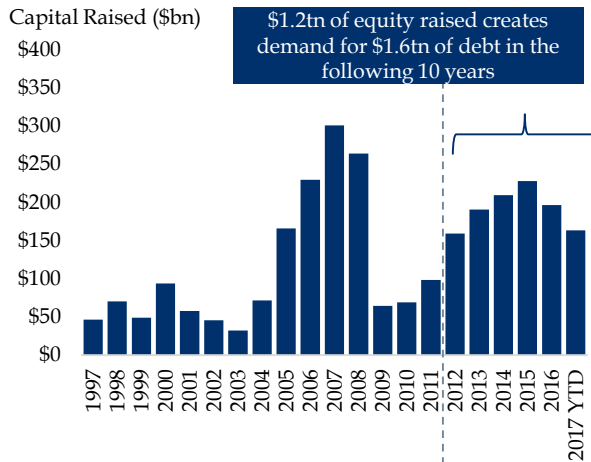
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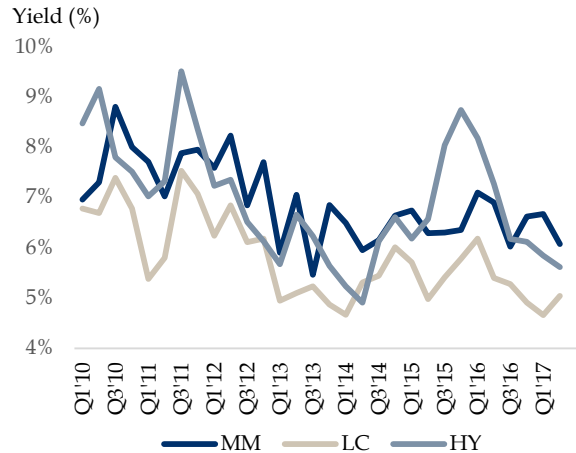
State of the Leveraged Loan Market

Changing dynamics in the leveraged loan environment present a unique opportunity for AMML given flexibility to meaningfully allocate capital to select transactions in this market

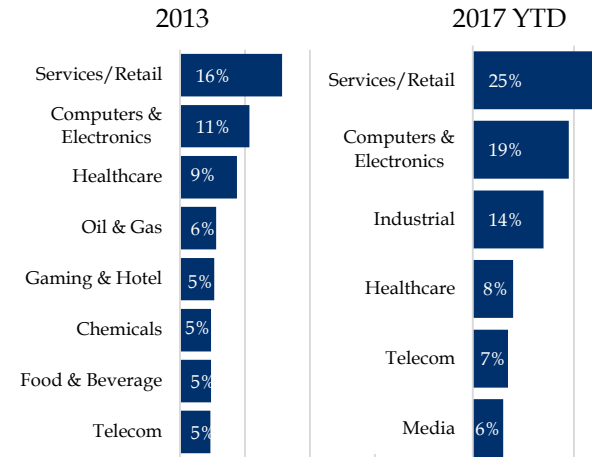
PE Fundraising Creates Demand for Debt Capital⁽¹⁾



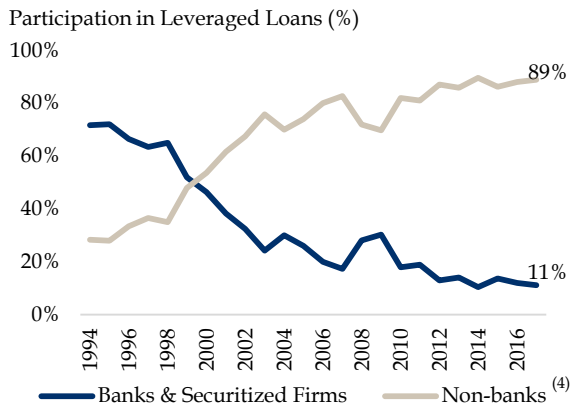
Middle Market ("MM") Yields Outperforming Large Corporate ("LC") and High Yield⁽²⁾



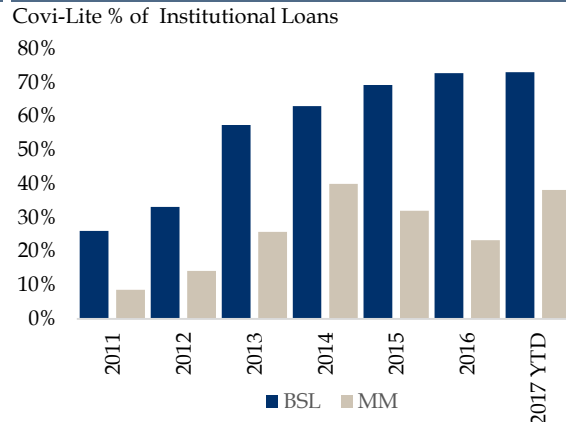
M&A Focus in Business Services, Software, and Technology Expands⁽³⁾



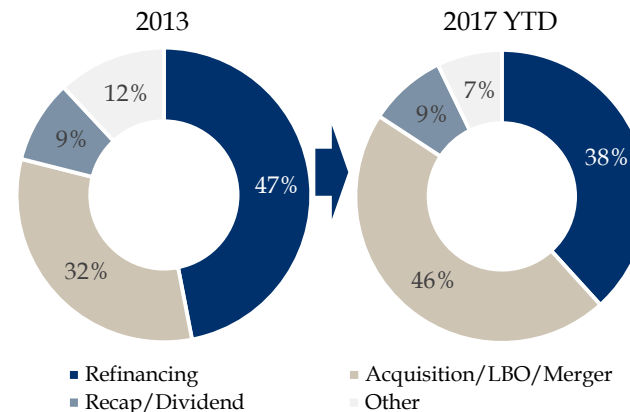
Banks in the Middle Market are Capital Constrained and Distribution Focused



Growth in Covi-Lite Deals Due to Institutional Demand/AUM Driven Investors⁽⁵⁾



Use of Proceeds Shift Toward M&A/LBOs



Source: S&P Capital IQ LCD unless otherwise noted.

Note: There is no assurance that the trends highlighted above will occur in the future.

(1) Capital raised includes buyouts and mezzanine as of September 30, 2017. Assumes that capital is deployed evenly over a five year period and equity is 42% of the capital structure based on the average of MM and Broadly Syndicated Loans ("BSL") equity contribution for 2017 YTD according to the Thomson Reuters Middle Market Q3 2017 Review as of October 7, 2017.

(2) Middle Market ("MM") and Large Corporate ("LC") represent new-issue yield of the Middle Market and Large Corporate indices per LCD. HY represents yield to worst of the Barclays US Corporate High Yield Index (LF98TRUU) per Bloomberg.
 (3) Includes industries that make up 5% or more of total loan volume in each respective year.
 (4) Non-banks include institutional investors and finance companies.
 (5) Excludes deals less than \$200mm as well as existing tranches of add-ons, amendments & restatements with no new money, as well as debtor-in-possession ("DIPs"), second liens and unsecured transactions.

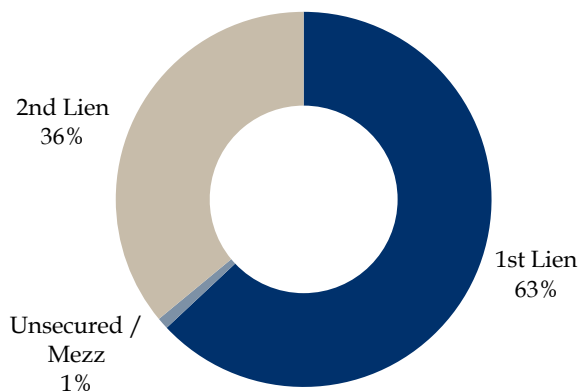
Middle Market Lending – Portfolio Composition

AMML provides financing to private equity backed middle market businesses across the capital structure

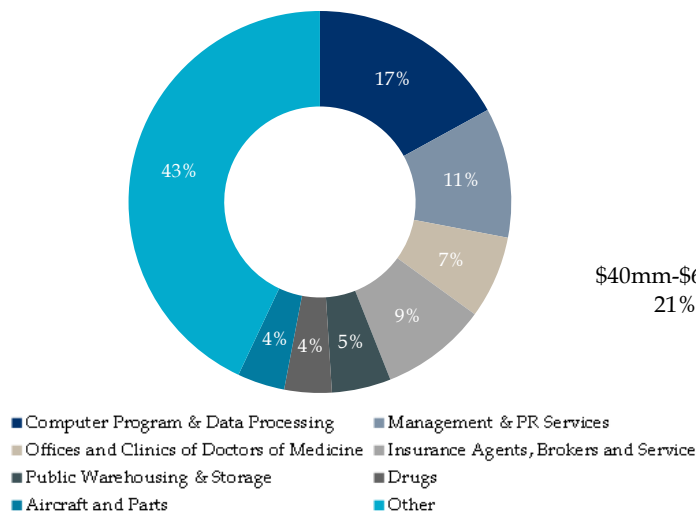
Assets	Capital (% of Total)	Levered Return ⁽¹⁾	Strategy	Book Value Impact
\$0.9bn	\$0.7bn (5%)	9 - 11%	Countercyclical / Defensive	Low Impact

AMML Portfolio Composition

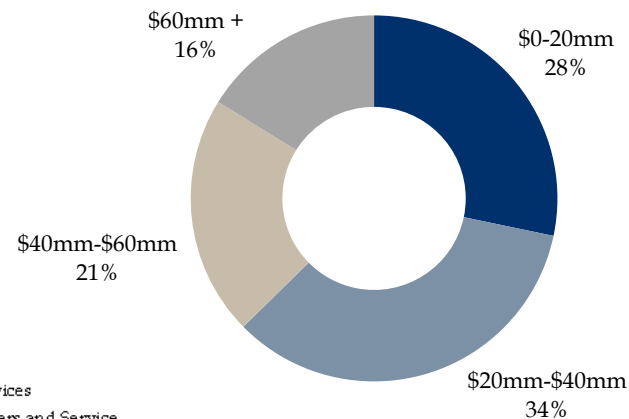
Lien Position



Industry⁽²⁾



Loan Size⁽³⁾



Note: Company filings as of September 30, 2017. Percentages based on amortized cost and may not sum to 100% due to rounding.

(1) Levered return assumptions are for illustrative purposes only and attempt to represent current market asset returns and financing terms for prospective investments of the same, or a substantially similar, nature in the MML sector.

(2) Based on Standard Industrial Classification industry categories.

(3) Breakdown based on aggregate dollar amount of individual investments made within the respective loan size buckets. Multiple investment positions with a single obligor shown as one individual investment.

Middle Market Lending – Annaly Advantages and Highlights

AMML Advantages	AMML Highlights
Partnerships and Long-Term Sponsor Relationships	Funded 30+ private equity sponsors with 50% repeat deal flow
Disciplined Underwriting and Lending Criteria	10.0% realized returns ⁽¹⁾ while utilizing relatively low leverage since inception
Rigorous Investment Process	Funded 6% of new origination deals that have been actively reviewed, on average ⁽²⁾
Flexible Capital	63% 1 st Lien 36% 2 nd Lien 1% Unsecured/Mezzanine
Scale, Track Record and Returns	AMML's size combined with the relationships and selectivity of the investment team has enabled generation of outsized returns and zero credit losses since inception ⁽³⁾

Source: Company filings as of September 30, 2017.

(1) Realized return represents the weighted average of the loan-level Internal Rate of Return ("IRR") in the realized AMML portfolio, averaged based on the original size of each such loan. The IRR for each loan has been calculated utilizing an XIRR function applied to all cash outflows and inflows in respect of a particular loan. Includes only those loans that have been fully realized.

(2) Actively reviewed defined as signed Confidentiality Agreement; diligence list prepared; and vetted by AMML to assemble deal team. Reflects period from January 1, 2013 to September 30, 2017.

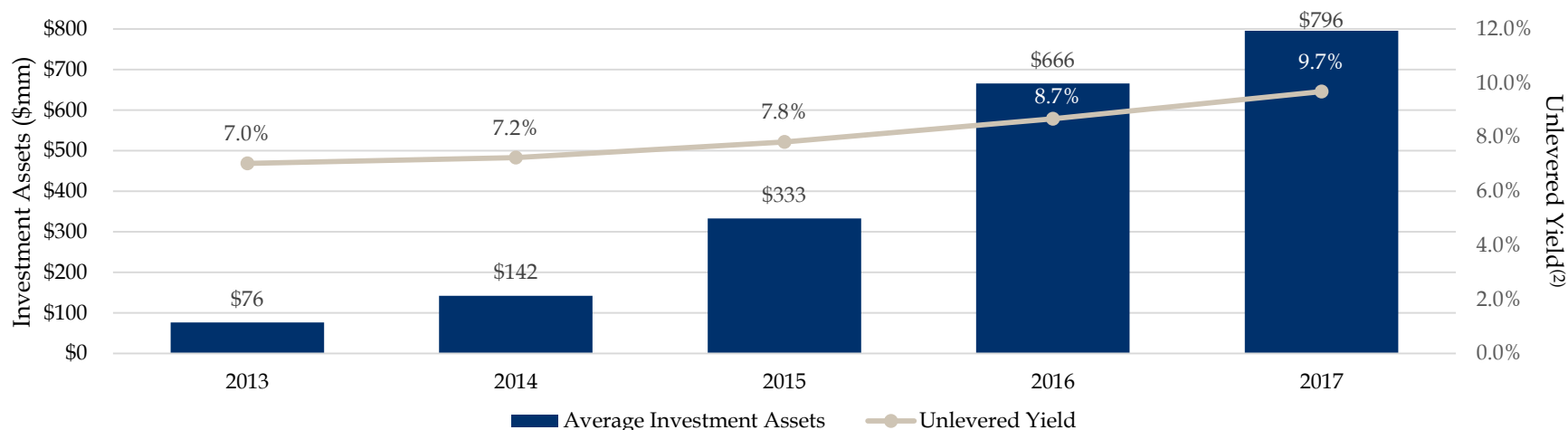
(3) Zero credit losses during the period of AMML's inception to present is defined as no write-off, specific reserve, or uncured payment default on a leveraged loan.

Middle Market Lending Advantage – Partnerships and Long-Term Sponsor Relationships

Paramount to AMML's investment philosophy is a partnership approach to private equity sponsor relationships

Deal Sourcing Platform	Private Equity Sponsor Criterion	Screening, Execution, & Monitoring
<ul style="list-style-type: none"> Benefits of working with private equity sponsors:⁽¹⁾ <ul style="list-style-type: none"> Heavily incentivized to delever Corporate governance Robust due diligence Additional monitoring Capital and operational expertise Sponsors choose AMML due to ability to make meaningful investments during periods of extreme market volatility and to exhibit patience if and when companies experience difficulty 	<ul style="list-style-type: none"> Tier 1 designation private equity sponsors defined as: <ul style="list-style-type: none"> Strong track record within target industry sectors History with AMML investment team Relationship driven, built on highly profitable repeat deal flow Access to growth private equity platform investment opportunities 	<ul style="list-style-type: none"> +200 private equity firms focused on the middle market throughout the U.S. Established an active dialogue with over 100 sponsor relationships Funded +30 private equity sponsors, with 50% resulting in repeat deal flow Upon the completion of investments, work with sponsors to monitor company performance and evaluate add-on transactions

As the portfolio has steadily grown, unlevered returns have continued to increase through rigorous diligence and prudent investment decisions

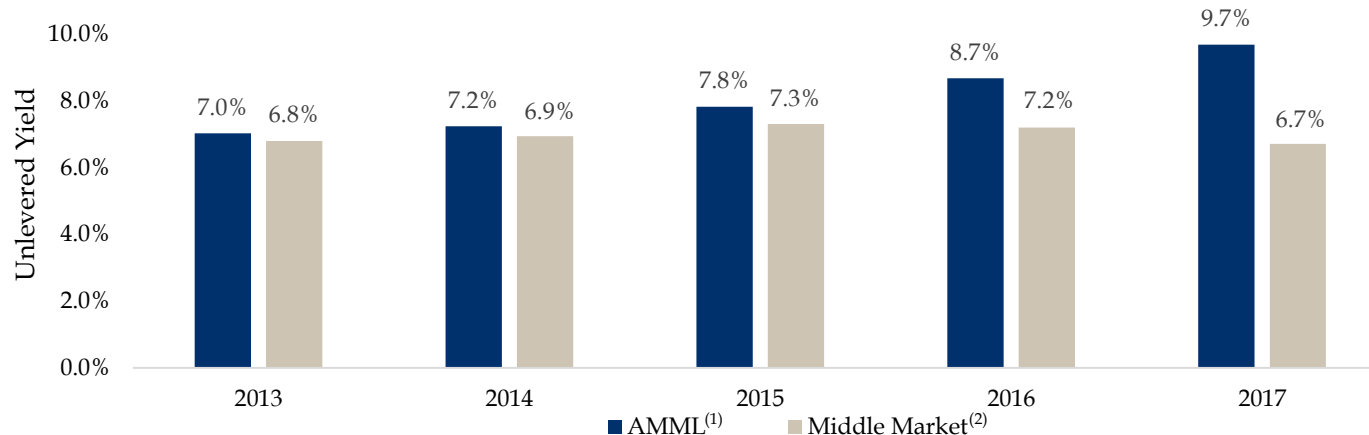
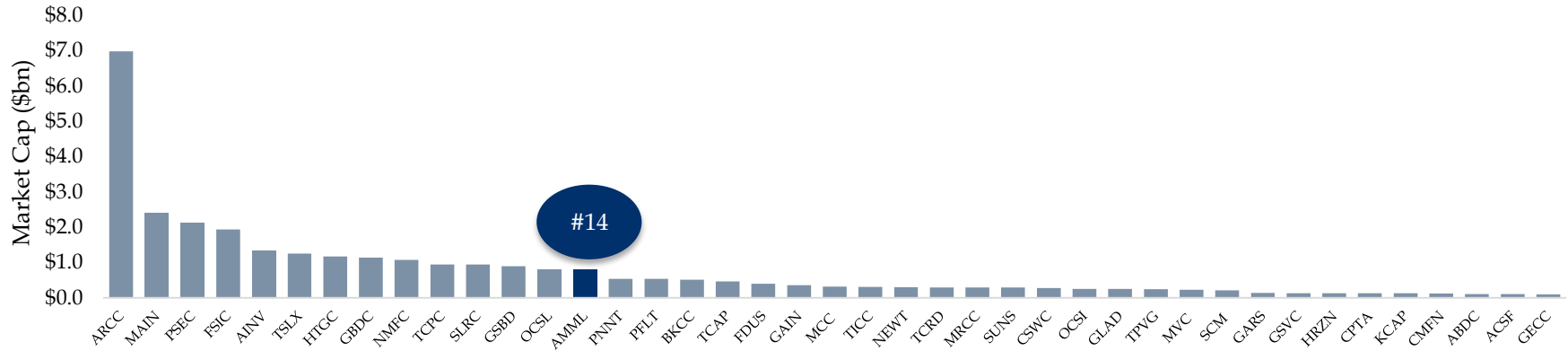


(1) Investment opportunities may be opportunistically sourced, among others, relationships such as with family offices or through broadly syndicated transactions.

(2) Unlevered yield has not been reduced by the cost of financing, fees, taxes, general and administrative expenses of AMML or other expenses that would reduce returns. 2017 unlevered yield represents Q3 2017 annualized calculations.

Middle Market Lending Advantage – Scale and Attractive Returns

AMML's scale and tenured team enables investment in mispriced capital structures and ability to take on large single name allocations, which has resulted in attractive yields relative to the broader market



- AMML performance represents actual returns on existing portfolio and new issue
- Given AMML's zero losses since inception, AMML's outperformance compared to the market would be further heightened if market returns reflected losses on existing portfolios

AMML delivers superior returns despite a portfolio that is ~40% less concentrated in covi-lite deals and ~20% less levered than current middle market deal flow⁽³⁾

Source: Bloomberg, Thomson Reuters, S&P LCD, and Company financial information.

Note: #14 sector ranking compares AMML's dedicated equity capital as of September 30, 2017, adjusted for price to book multiple, to the market capitalization of the companies in the S&P BDC Index (SPBDCUP Index) as of November 8, 2017.

(1) Unlevered yield has not been reduced by the cost of financing, fees, taxes, general and administrative expenses of AMML or other expenses that would reduce returns. 2017 represents Q3 2017 annualized calculations.

(2) MM defined as deal size and revenue less than \$500mm per Thomson Reuters. MM unlevered yield represents a 4 quarter average all-in blended 1st and 2nd lien yield in each respective year; reflects U.S. primary market institutional loans. MM unlevered yield does not reflect losses on existing portfolios.

(3) Covi-lite percentage compares NLV portfolio as of September 30, 2017 to S&P LCD covi-lite deal volume as a percentage of total middle market volume in 2017 YTD. Leverage represents AMML entry point debt to EBITDA of deals funded in 2017 compared to debt to EBITDA of Middle Market LBOs in 2017 YTD as of Thomson Reuters.

ANNALY® | Capital Allocation &
Financial Performance

Capital Allocation and Financial Performance

- 1 Capital Allocation**
- 2 Financial Performance

Capital Allocation Framework

Based on the following criteria, the capital allocation team has developed a set of investment thresholds by asset class to risk-adjust returns across different products

	Description	Agency	Resi Credit	ACREG	MML
Correlation to Agency MBS	<ul style="list-style-type: none"> Diversification Benefit Correlation to Core Agency Assets Coupon Profile 		—	✓	✓
Capital Structure	<ul style="list-style-type: none"> Position in Capital Stack Leverage Implications Financing Considerations 	—	✓		—
Liquidity	<ul style="list-style-type: none"> Unencumbered Asset Constraints Bid / Ask Spreads and Trading Volume Scalability /Lead Time 	✓	✓		
Volatility	<ul style="list-style-type: none"> Spread Duration Mark to Market Implications Technical Market Dynamics 		—	✓	✓
Durability and Stability	<ul style="list-style-type: none"> Stability of EPS and Book Value Profile Idiosyncratic Risks 		—	✓	✓
Positive Market Fundamentals	<ul style="list-style-type: none"> Fundamental Trends and Other Drivers of Performance 	✓	✓	—	—

- ✓ Indicates business lines that *consistently* meet the criteria listed.
 — Indicates business lines that *sometimes* meet the criteria.

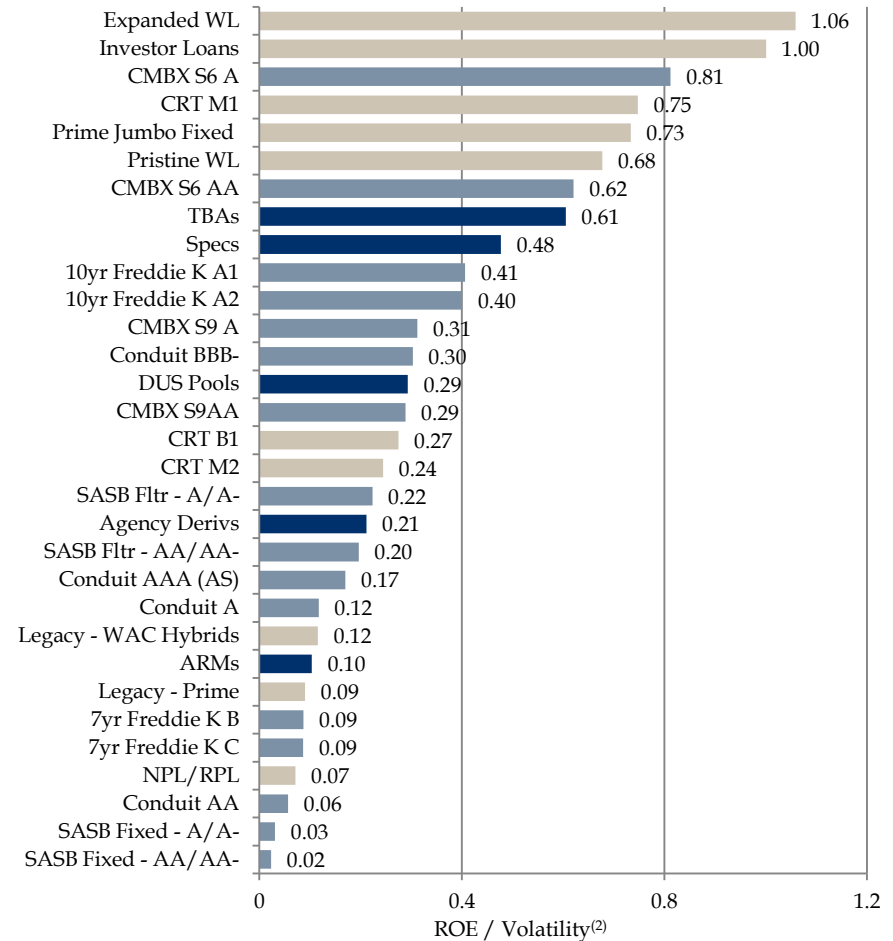
Spread Correlation & Volatility

As Annaly has expanded its diversification effort, we have examined the correlation of each asset to Agency MBS over time and the impact to spread volatility

Spread Correlation to Agency Pools⁽¹⁾

Diversification within AAA Products	Agency Derivatives	0.13
	ARMs	0.35
	Agency DUS	0.54
	SASB - AAA	0.38
Diversification across Credit Spectrum	CRT M2	0.40
	NPL / RPL Securities	0.41
	Conduit A	0.31
	Conduit BBB-	0.33
	MML 2 nd Lien	0.16

Market Return on Equity Per Unit of Volatility⁽²⁾



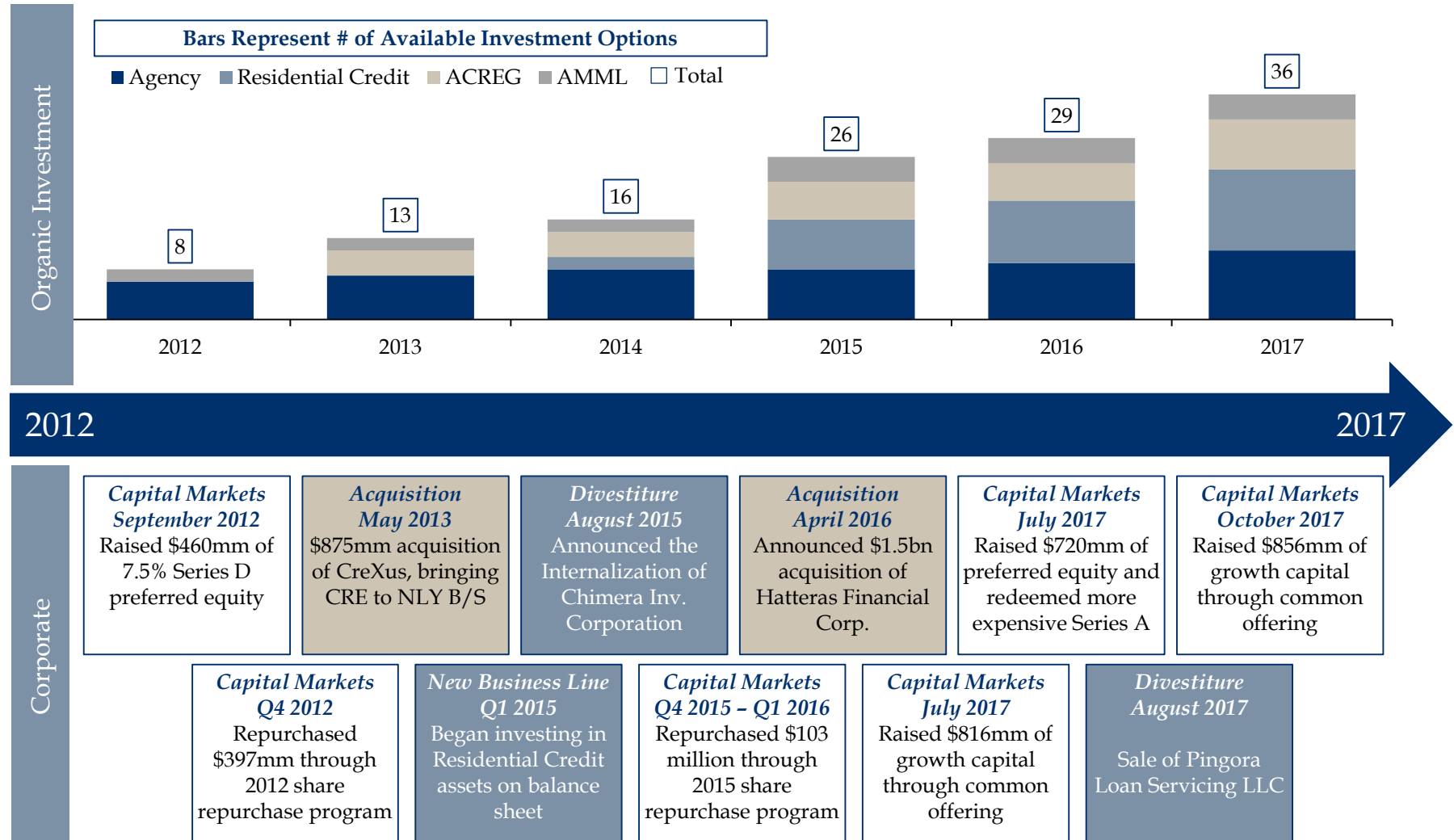
Source: Product spreads from third party research as of November 8, 2017.

(1) Historical correlation calculated from year-to-date weekly observations ending November 8, 2017. See Endnote 1 in Appendix for additional source information on historical spread correlations.

(2) Market Return on Equity Per Unit of Volatility is defined as (Levered Return)/(Spread DV01*Spread Volatility*Leverage). Leverage for this definition is calculated as Assets/Equity. Spread volatility is calculated as the annualized standard deviation of daily (or weekly if daily data is unavailable) spread changes since January 1, 2014.

Corporate Capital Allocation Timeline

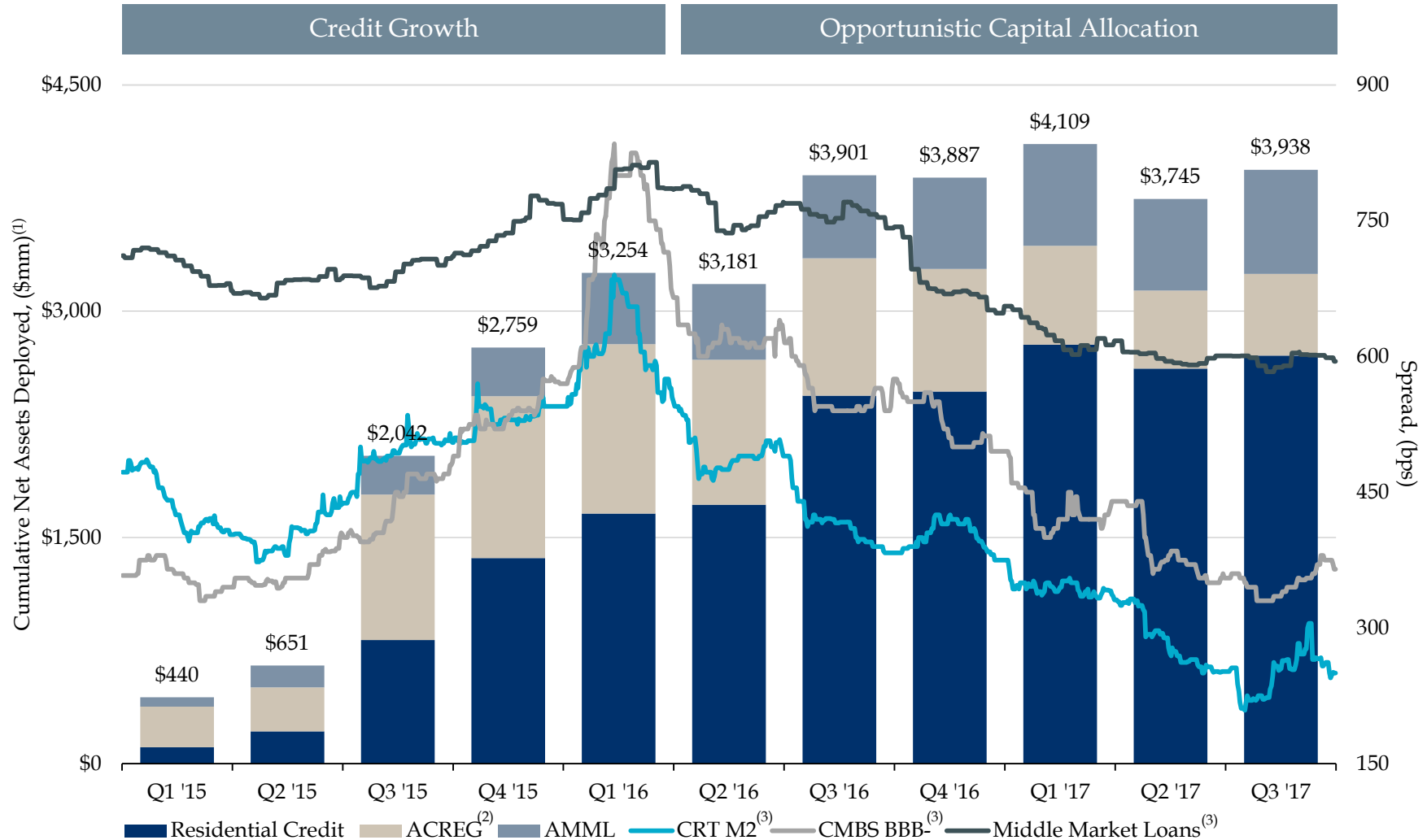
Over the last five years, Annaly has adapted to market conditions and opportunistically managed its capital through share buybacks, acquisitions, organic growth and equity offerings



Source: Company filings as of September 30, 2017.

Evolution of Annaly's Capital Allocation

Annaly grew its three credit businesses to scale as credit spreads widened from Q1 2015 through 1H 2016 and has since slowed growth and opportunistically deployed capital into credit given spread tightening



Source: Company filings, Bloomberg, S&P Global Market Intelligence, third party research.

Note: Financial data as of September 30, 2017. Market spreads from December 31, 2014 through November 8, 2017.

(1) Inclusive of gains/losses and amortization/other.

(2) CRE assets are exclusive of consolidated VIEs and includes CMBS conduit securities.

(3) CRT M2, CMBS BBB-, and middle market loan spreads are illustrative proxies of Residential Credit, ACREG, and AMML spreads respectively.

Capital Allocation Trends – Growth in Underlying Products

Annaly has continually shifted the composition of its capital allocation to position the portfolio for market trends

	Products ⁽¹⁾	2015 – 2016 Trends	2017 Trends (YoY)
Agency	Pools	–	✓
	ARMs	✓	
	Agency DUS	N/A	✓
	MSR / Derivatives	✓	–
Residential Credit	CRT	✓	–
	Legacy	✓	–
	NPL / RPL Securities	✓	
	Prime Jumbo Securities	–	
	Expanded Whole Loans		✓
Commercial Real Estate	1 st Mortgage	✓	✓
	Mezzanine	✓	–
	Credit CMBS	N/A	✓
	AAA CMBS	–	
	CRE Equity	–	
Middle Market Lending	1 st Lien	✓	–
	2 nd Lien	✓	✓

Note: White boxes represent products that Annaly was not yet investing in, or products where there is limited to no new investment activity at Annaly.

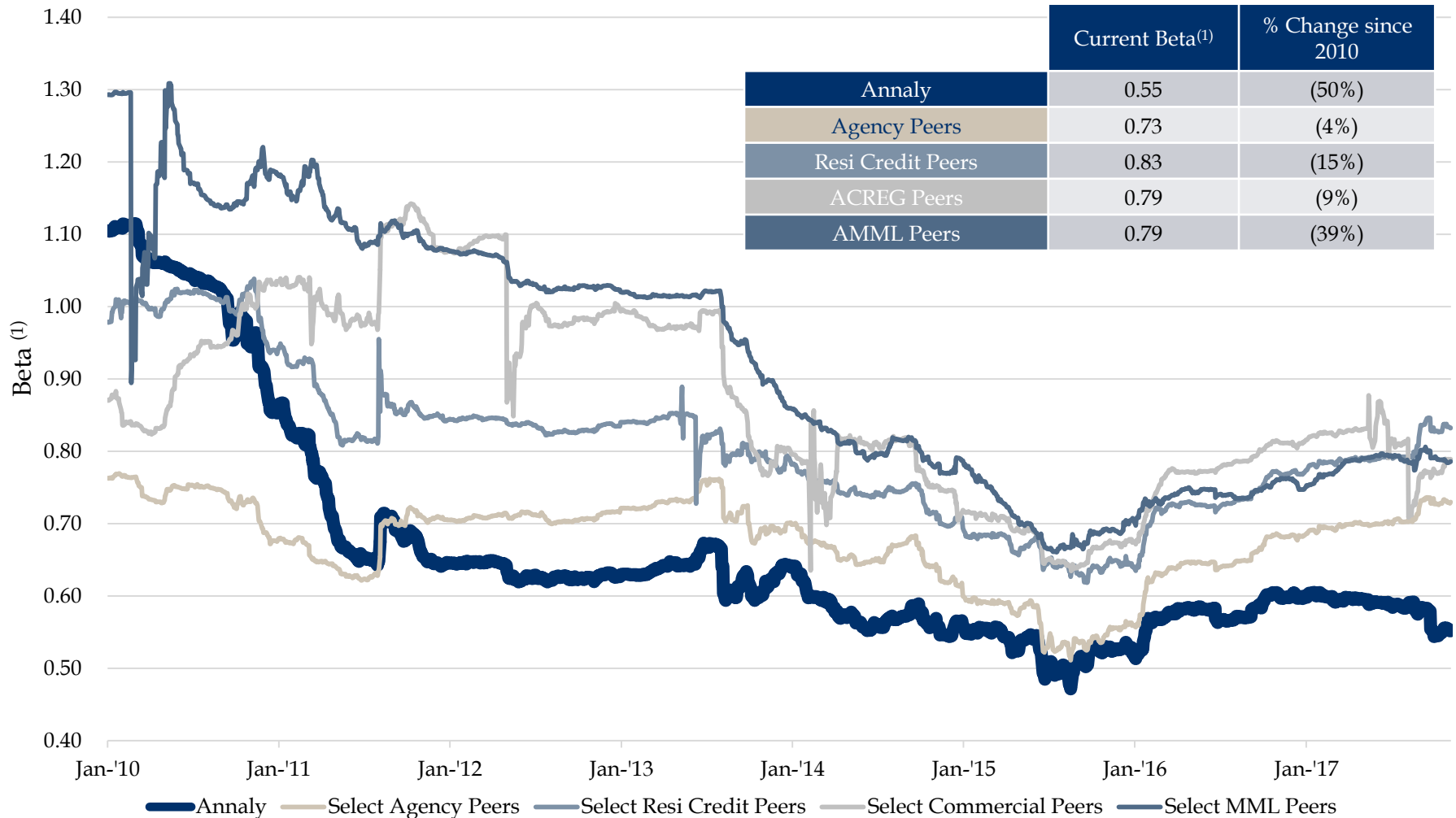
(1) The products listed represent a subset of all products available for investment.

✓ Indicates products that were growing on both gross and net basis.

– Indicates products that remain attractive but have seen minimal to no growth on a net basis.

Annaly's Stability

Diversification and prudent risk management have led to a lower beta for Annaly relative to peers across each of Annaly's four business lines



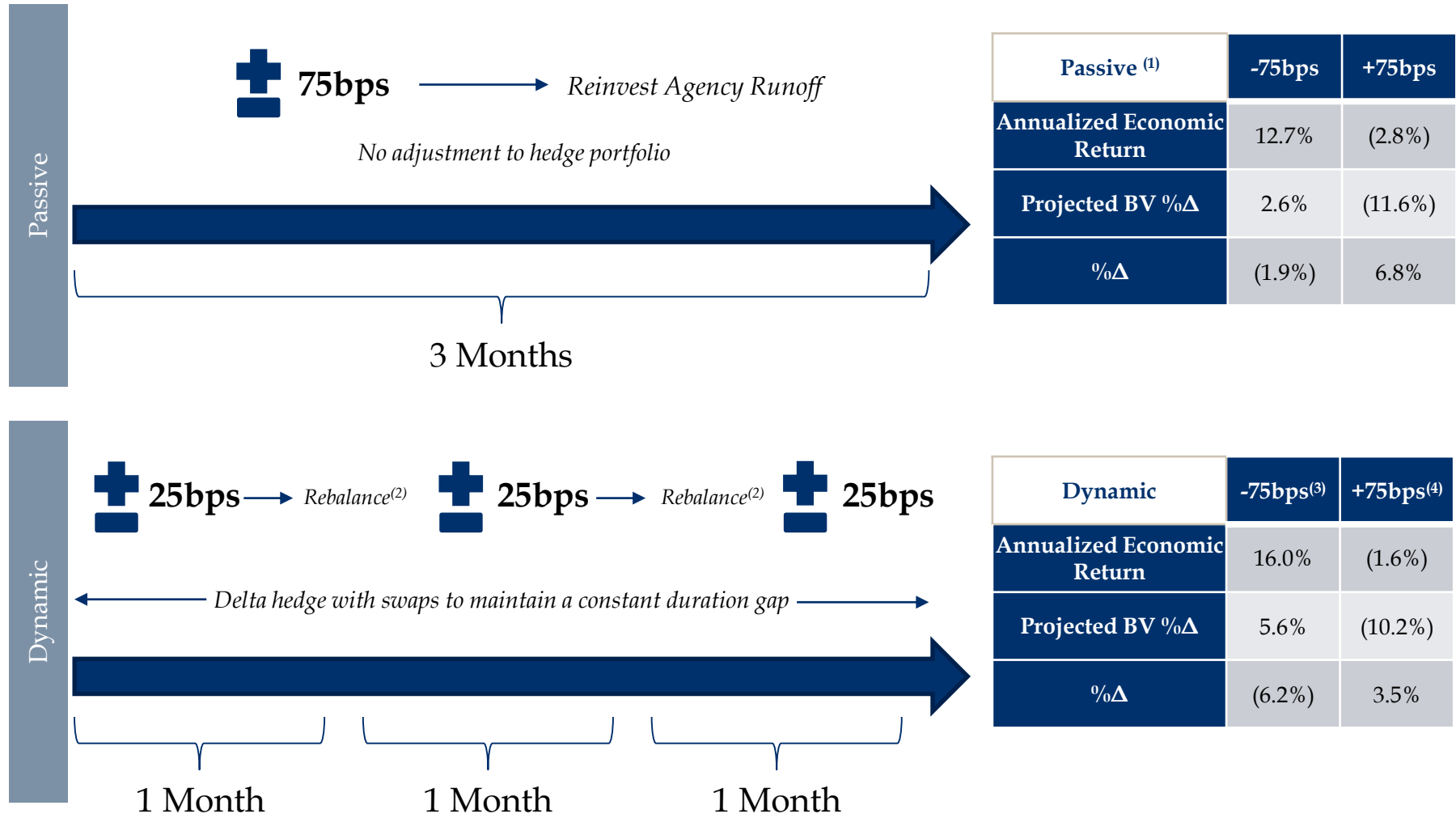
Source: Bloomberg market data as of November 8, 2017.

Note: See Endnote 2 in Appendix for list of peers within each business.

(1) Beta represents adjusted beta per Bloomberg. Beta values below 0 and above 3 were excluded in this analysis.

Capital Allocation = Effective Portfolio Management

Multiple tools – including proactive capital allocation shifts and dynamic hedging rebalances – have led to Annaly's outperformance vs. static rate shocks in 8 of the last 10 quarters



Results shown are for illustrative purposes only and were calculated based on Company filings as of September 30, 2017.

(1) Represents a gradual rate shock over the course of three months. The quarterly rate shocks disclosed in the Q3 2017 10-Q and quarterly financial supplement are instantaneous shifts to interest rates; due to this difference in time horizon, rate shock results presented herein may differ slightly from those disclosed in the Q3 2017 10-Q.

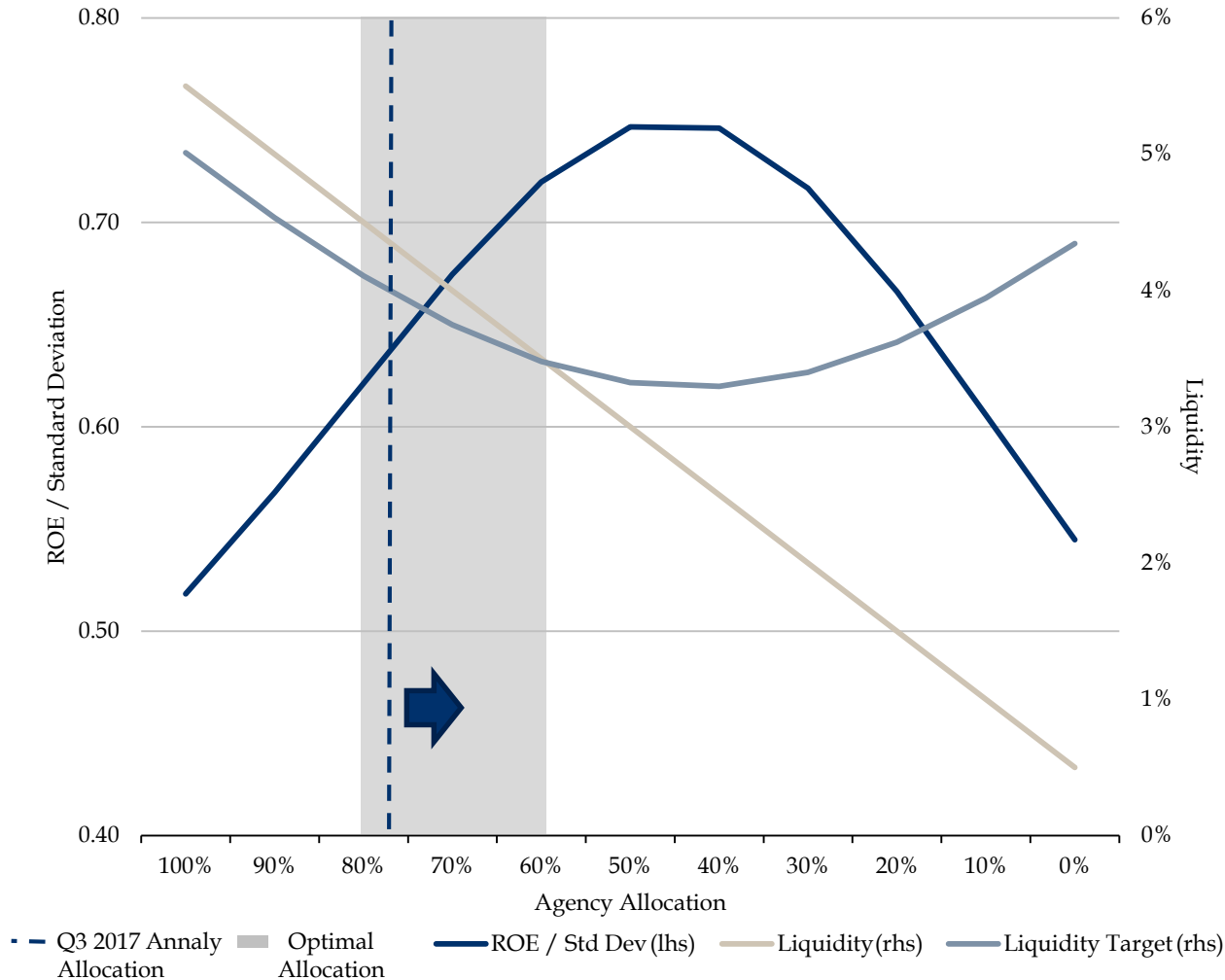
(2) Rebalance means allocating the equity portion of monthly Agency runoff into a blend of credit assets: 50% CRE 1st Mortgage, 25% MML First Lien, 25% MML Second Lien.

(3) "-75bps" scenario represents three successive monthly parallel interest rate shocks of -25bps each.

(4) "+75bps" scenario represents three successive monthly parallel interest rate shocks of +25bps each.

Outlook

Annaly has numerous investment alternatives in its arsenal, facilitating capital allocation rotations based on relative value



Capital Allocation Drivers

- Recent equity offerings were primarily invested into Agency MBS given attractive relative valuation and market liquidity
- Annaly attempts to maintain a minimum level of capital dedicated to credit in order to lower the volatility of our returns
- Current portfolio balance remains within the optimal allocation range, capturing diversification benefits
- All else equal, we anticipate rotation back into credit if spreads widen and present more compelling market entry points

Note: See Endnote 3 in Appendix for data source and additional assumptions related to the analysis.

Capital Allocation and Financial Performance

1 Capital Allocation

2 **Financial Performance**

Scalable Operating Platform Drives Execution

Operational excellence has allowed Annaly to successfully and cost efficiently grow

- Self-clearing operations
- Straight-through processing



- Sophisticated market risk capabilities
- Deep credit skills

- Full service financial operations
- Capital markets funding acumen
- Sophisticated tax expertise
- Strong internal controls environment

- Agile development
- Cutting-edge digital transformation
- Proprietary applications driving competitive advantage and leading analytics

- Robust compliance function and protocols
- Independent internal audit function

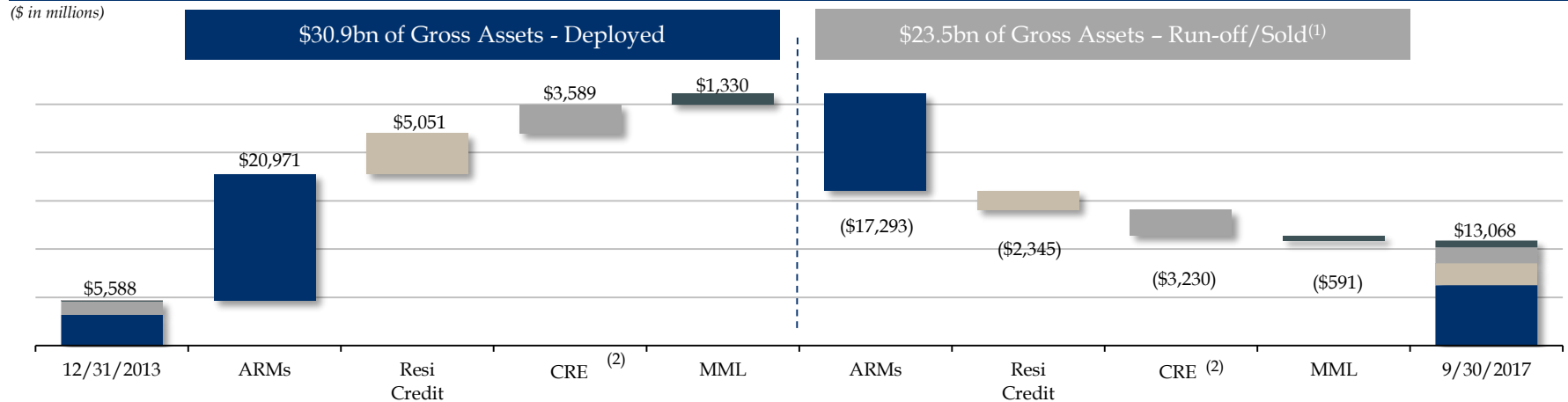
91 total dedicated support function staff⁽¹⁾

Note: Employees as of September 30, 2017.

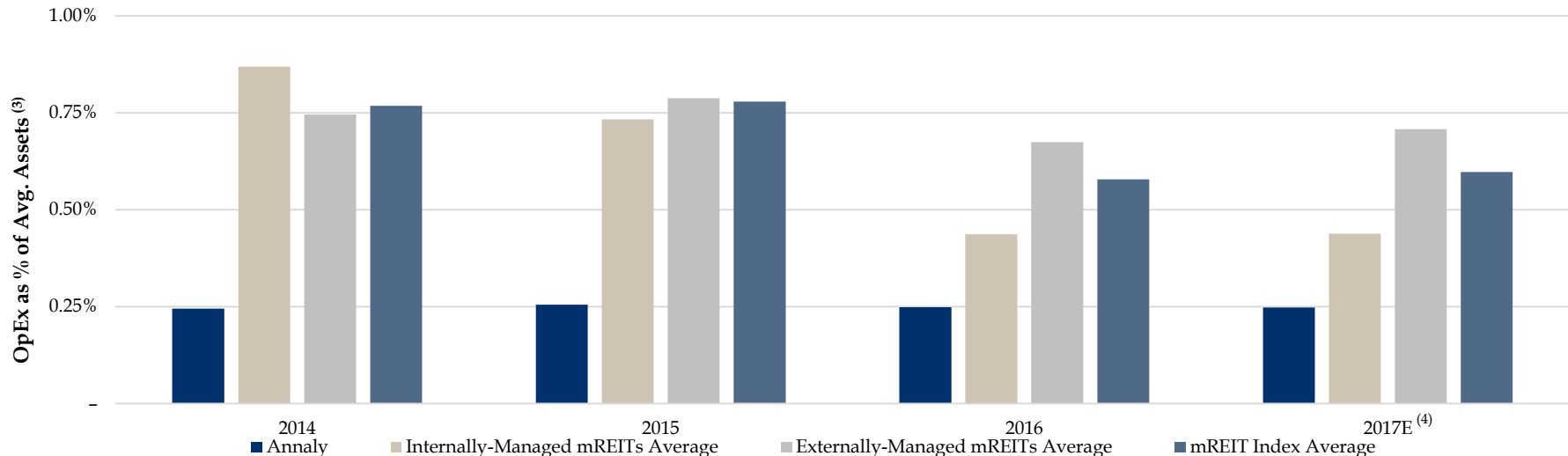
(1) Total dedicated support function staff includes Audit Services, Compliance, Facilities, Human Resources, Investor Relations, Legal, Strategy and the Office of the CEO/CAO.

Operational Excellence Has Driven Efficient Diversification

Since the beginning of 2014, Annaly has increased its capital dedicated to credit assets from 11% to 23% at Q3 2017 and has further diversified its Agency exposure to floating rate assets...



...all while maintaining superior operating efficiency



Source: Company filings as of September 30, 2017.

⁽¹⁾ Inclusive of gains/losses and amortization/other.

⁽²⁾ Commercial Real Estate assets are exclusive of consolidated VIEs and includes CMBS conduit securities.

⁽³⁾ Internally-Managed mREITs and Externally-Managed mREITs represent the respective internally- and externally-managed members of the BBREMTG Index with market capitalization above \$200mm as of the corresponding year end. mREIT Index Average represents all members of the BBREMTG Index with market capitalization above \$200mm as of the corresponding year end.

⁽⁴⁾ 2017E represents annualized operating expenses as of Q3 2017. Assets are averaged quarterly from December 31, 2016 to September 30, 2017.

Diversified Investment Groups Operating at Scale

ANNALY®

Agency

Residential Credit

Commercial Real Estate

Middle Market Lending

Assets⁽¹⁾ | Capital⁽²⁾

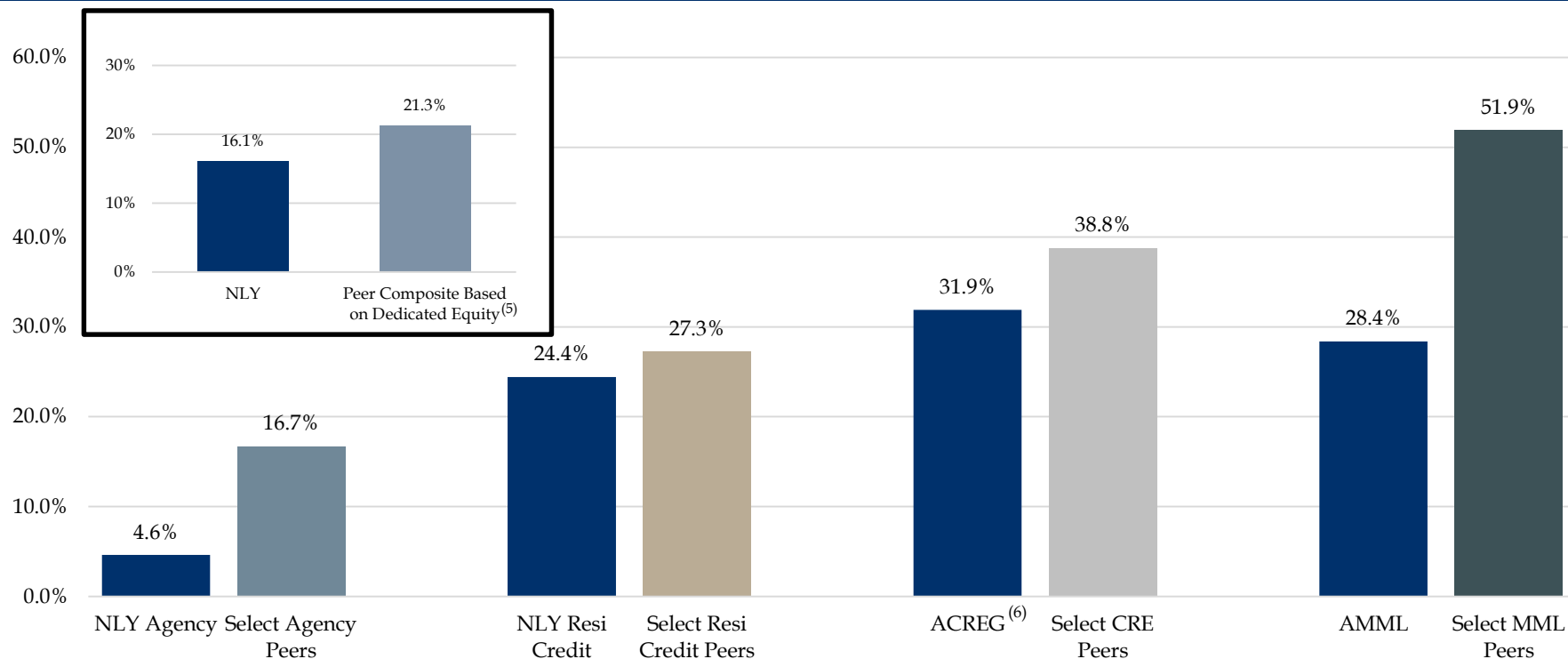
\$107.3bn | \$11.3bn

\$2.7bn | \$1.4bn

\$2.0bn | \$1.1bn

\$0.9bn | \$0.7bn

Operating Expenses to Core Earnings⁽³⁾⁽⁴⁾



Source: Company filings as of September 30, 2017.

(1) Agency assets include TBA purchase contracts (market value) and MSRs. ACREG assets are exclusive of consolidated VIEs associated with B-Piece commercial MBS.

(2) Dedicated capital includes TBA purchase contracts, excludes non-portfolio related activity and varies from total stockholders' equity.

(3) General & Administrative expenses for Annaly business lines are based on internal expense sharing methodologies plus additional estimated public entity costs.

(4) Core Earnings is a Non-GAAP financial measure; see Appendix for additional detail. Annaly and all mREITs utilize "Core" or similarly adjusted EPS (excluding PAA).

(5) Peer Composite is calculated by weighting Annaly's dedicated equity of each business to the corresponding peer average's operating expenses divided by total equity. See Endnote 2 in Appendix for list of Select Agency Peers, Select Resi Credit Peers, Select CRE Peers and Select MML Peers.

(6) ACREG excludes depreciation and amortization from Core Earnings.

Annaly's Strong Balance Sheet and Liquidity

Annaly's liability profile and large capital base provide unique competitive advantages

Balance Sheet Summary

Total Funding / Capital Base
~\$88 billion

Agency &
Non-Agency
Repo
\$69.0bn

FHLB \$3.6bn

Commercial Credit
Facilities \$0.8bn

Preferred Equity
\$1.7bn

Common Equity
\$12.5bn

Q3 2017

Capital Structure Highlights

- ✓ Proprietary broker dealer, RCap, in place since 2008, provides beneficial access to FICC⁽¹⁾ market
- ✓ Strong counterparty credit quality and significant capacity available
- ✓ One of just 6 mREITs with access to attractive FHLB financing⁽²⁾
- ✓ Initial 5 year sunset (ending February 2021) for FHLB financing provides significant competitive advantage
- ✓ ~\$1.1bn of credit facilities and mortgages payable⁽³⁾ provides funding capacity to support commercial credit assets
- ✓ Largest preferred capital base in the mREIT sector and larger than 99% of all publicly traded REITs⁽⁴⁾
- ✓ Largest equity capital base in the mREIT sector and larger than 99% of all publicly traded REITs⁽⁴⁾

Source: Company filings as of September 30, 2017.

(1) FICC defined as Fixed Income Clearing Corporation.

(2) Refers to FHLB membership ending February 2021.

(3) Includes \$116mm funded on \$300mm AMML credit facility and \$383mm funded on \$500mm ACREG facility. Also includes \$312mm of mortgages payable.

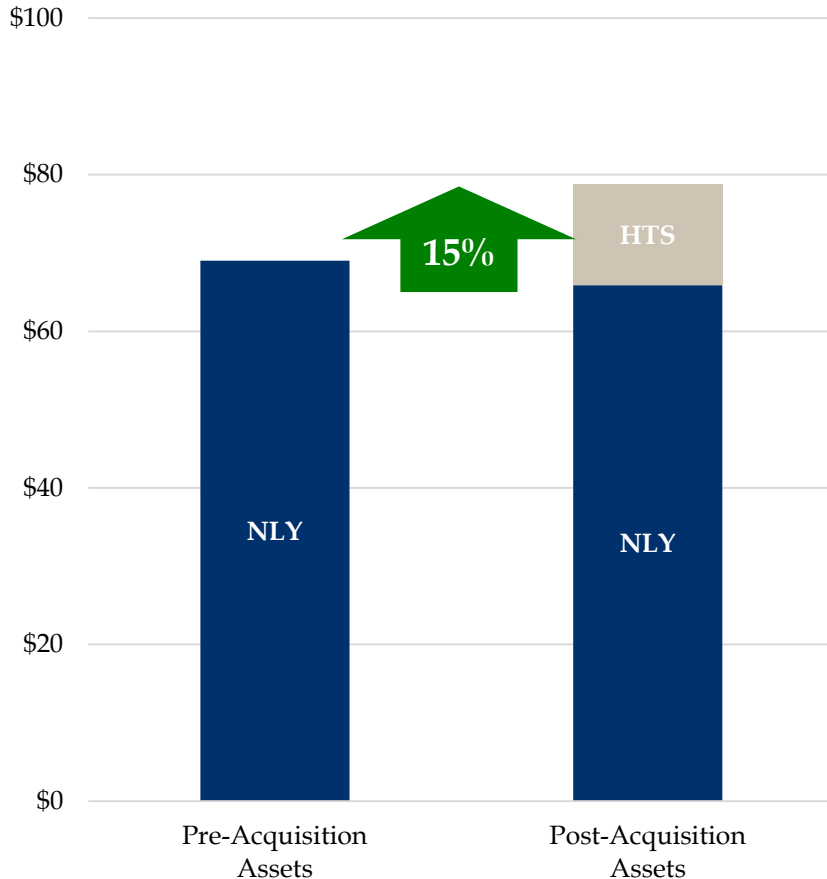
(4) Publicly traded REITs defined as all REITs within the Bloomberg United States REIT list. Financial data as of most recent quarter available.

Case Study: Annaly's Acquisition of Hatteras Financial Corp.

Annaly's 2016 acquisition of Hatteras Financial Corp. demonstrated the Company's ability to operationally onboard ~\$11bn of assets and refinance ~\$10bn of funding

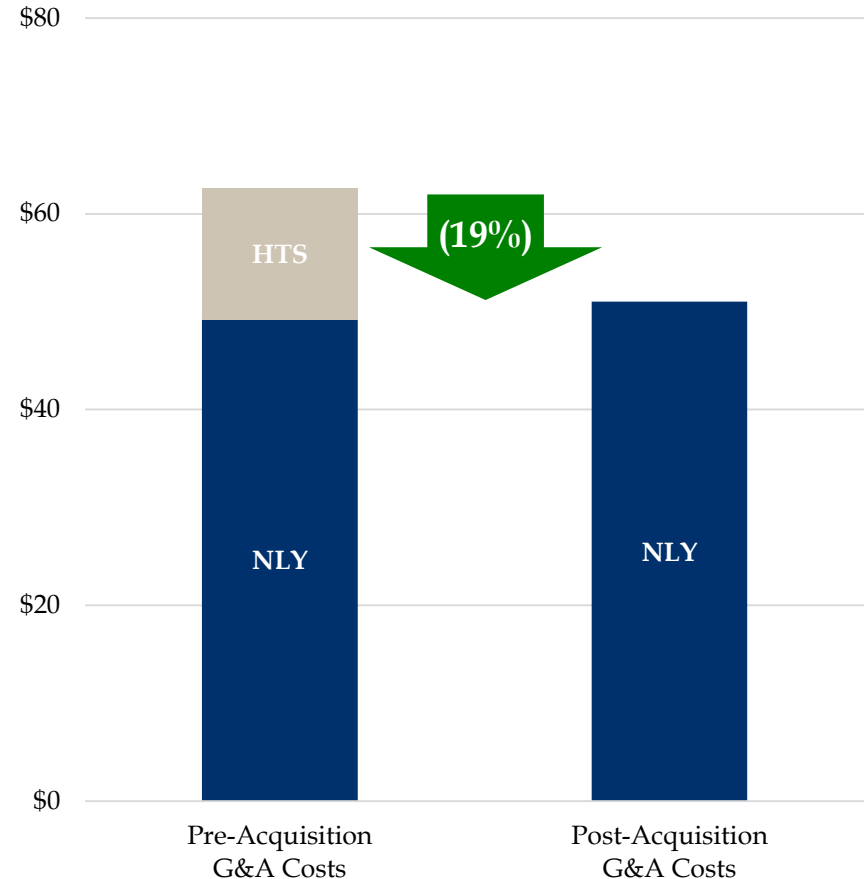
Assets increased materially...

(\$ in billions)



...while significantly decreasing operating costs

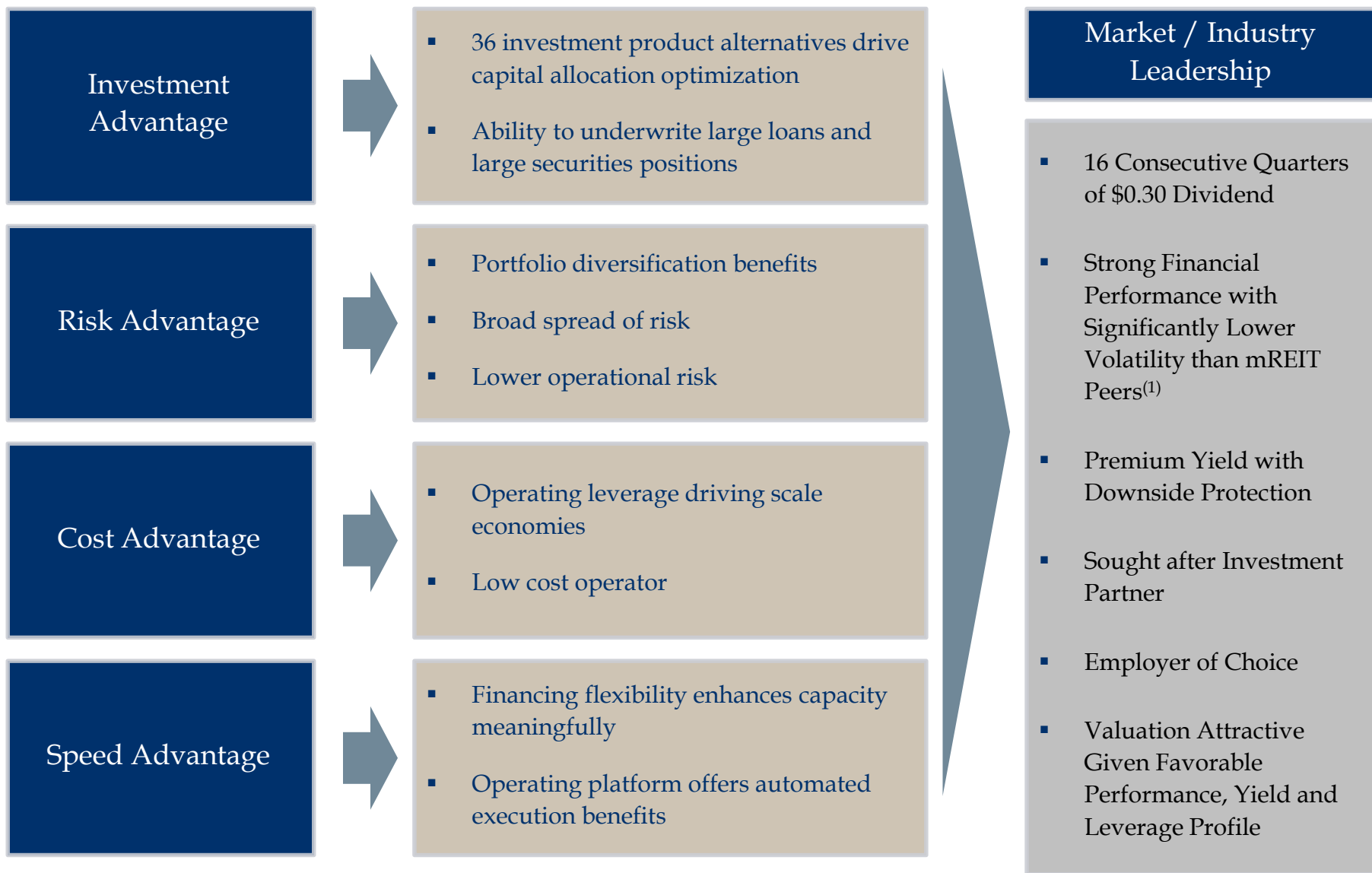
(\$ in millions)



Source: Company filings.

Note: Pre-Acquisition Assets reflect the quarter most recently disclosed prior to completion of the acquisition and Post-Acquisition Assets reflect Q3 2016 Annaly assets. Pre-Acquisition G&A Costs reflect the quarter most recently disclosed prior to completion of the acquisition and Post-Acquisition G&A Costs reflect Q3 2016 Annaly G&A less one-time acquisition-related expenses.

Operational Excellence Delivering Significant Benefits from Scale



(1) mREIT Peers refer to BBREMTG Index as of November 8, 2017.

ANNALY® | Closing Remarks

Annaly Advantages

Best in class management and stability have led to a 72% cumulative total return since 2014, outperforming yield sectors by at least 15%⁽¹⁾

Size & Liquidity

19x the size of the median mREIT⁽²⁾ market cap and over **\$9 billion** unencumbered assets⁽³⁾

Diversification

Current number of available investment options is **12x higher** than it was at Annaly's inception, and more than double the number in 2014

Operating Efficiency

65% lower operating expense as a % of assets and **51%** lower operating expense as a % equity⁽⁴⁾

Shared Capital

4 fully scaled businesses operating in both cyclical and countercyclical markets = better **book value protection and earnings stability**

Intellectual Capital

125+ new hires since 2014, including members of senior management

(1) Market data as of November 8, 2017. Yield Sectors include mREITs represented by BBREMTG Index, Utilities represented by the Russell 3000 Utilities Index, MLPs represented by the Alerian MLP Index, Asset Managers represented by the S&P 500 Asset Management and Custody Bank Index, and Banks represented by the KBW Bank Index.

(2) BBREMTG Index as of November 8, 2017.

(3) Company filings as of September 30, 2017. "Unencumbered assets" are representative of Annaly's excess liquidity and are defined as assets that have not been pledged or securitized (including cash and cash equivalents, Agency MBS, CRT, Non-Agency MBS, Residential mortgage loans, MSRs, CRE debt investments, CRE debt and preferred equity held for investment and corporate debt).

(4) Represents Annaly's average operating expense as a percentage of average assets and average equity compared to the BBREMTG Index from 2012 to Q3 2017 annualized. Analysis includes companies in BBREMTG Index with market capitalization above \$200mm as of December 31 of each respective year and as of September 30, 2017 for 2017. Operating expense is defined as: (i) for internally-managed peers, the sum of compensation and benefits, general and administrative expenses ("G&A") and other operating expenses, and (ii) for externally-managed peers, the sum of net management fees, compensation and benefits (if any), G&A and other operating expenses.

ANNALY® | Appendix

Non-GAAP Reconciliations

Unaudited, dollars in thousands except per share amounts

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, the Company provides non-GAAP financial measures. These measures should not be considered a substitute for, or superior to, financial measures computed in accordance with GAAP. These non-GAAP measures provide additional detail to enhance investor understanding of the Company's period-over-period operating performance and business trends, as well as for assessing the Company's performance versus that of industry peers. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP results are provided below.

	For the quarters ended													
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	
<u>GAAP to Core Reconciliation</u>														
GAAP net income (loss)	\$367,315	\$14,522	\$440,408	\$1,848,483	\$730,880	(\$278,497)	(\$868,080)	\$669,666	(\$627,491)	\$900,071	(\$476,499)	(\$658,272)	\$354,856	
Less:														
Realized (gains) losses on termination of interest rate swaps	-	58	-	55,214	(1,337)	60,064	-	-	-	-	226,462	-	-	
Unrealized (gains) losses on interest rate swaps	(56,854)	177,567	(149,184)	(1,430,668)	(256,462)	373,220	1,031,720	(463,126)	822,585	(700,792)	466,202	873,468	(98,593)	
Net (gains) losses on disposal of investments	11,552	5,516	(5,235)	(7,782)	(14,447)	(12,535)	1,675	7,259	7,943	(3,833)	(62,356)	(3,420)	(4,693)	
Net (gains) losses on trading assets	(154,208)	14,423	(319)	139,470	(162,981)	(81,880)	(125,189)	(42,584)	(108,175)	114,230	6,906	57,454	(4,676)	
Net unrealized (gains) losses on investments measured at fair value through earnings	67,492	(16,240)	(23,683)	(110,742)	(29,675)	54,154	(128)	62,703	24,501	(17,581)	33,546	29,520	37,944	
Bargain purchase gain	-	-	-	-	(72,576)	-	-	-	-	-	-	-	-	
Impairment of goodwill	-	-	-	-	-	-	-	-	-	22,966	-	-	-	
Corporate acquisition related expenses ⁽¹⁾	-	-	-	-	46,724	2,163	-	-	-	-	-	-	-	
Net (income) loss attributable to non-controlling interests	232	102	103	87	336	385	162	373	197	149	90	196	-	
Other non-recurring loss	-	-	-	-	-	-	-	-	-	-	-	-	23,783	
Plus:														
TBA dollar roll income ⁽²⁾	94,326	81,051	69,968	98,896	90,174	79,519	83,189	94,914	98,041	95,845	59,731	-	-	
MSR amortization ⁽³⁾	(16,208)	(17,098)	(14,030)	(27,018)	(21,634)	-	-	-	-	-	-	-	-	
Core earnings	\$313,647	\$259,901	\$318,028	\$565,940	\$309,002	\$196,593	\$123,349	\$329,205	\$217,601	\$411,055	\$254,082	\$298,946	\$308,621	
Less:														
Premium amortization adjustment cost (benefit)	39,899	72,700	17,870	(238,941)	3,891	85,583	168,408	(18,072)	83,136	(79,582)	87,883	31,695	25,992	
Core Earnings (excluding PAA)	353,546	332,601	335,898	326,999	312,893	282,176	291,757	311,133	300,737	331,473	341,965	330,641	334,613	
GAAP net income (loss) per average common share ⁽⁴⁾	\$0.31	(\$0.01)	\$0.41	\$1.79	\$0.70	(\$0.32)	(\$0.96)	\$0.69	(\$0.68)	\$0.93	(\$0.52)	(\$0.71)	\$0.36	
Core earnings per average common share ⁽⁴⁾	\$0.26	\$0.23	\$0.29	\$0.53	\$0.29	\$0.19	\$0.11	\$0.33	\$0.21	\$0.41	\$0.25	\$0.30	\$0.31	
Core earnings (excluding PAA) per average common share ⁽⁴⁾	\$0.30	\$0.30	\$0.31	\$0.30	\$0.29	\$0.29	\$0.30	\$0.31	\$0.30	\$0.33	\$0.34	\$0.33	\$0.33	
Annualized GAAP return (loss) on average equity	10.98%	0.46%	13.97%	57.23%	23.55%	(9.60%)	(29.47%)	22.15%	(20.18%)	28.00%	(14.41%)	(19.91%)	10.69%	
Annualized core return on average equity (excluding PAA)	10.57%	10.54%	10.66%	10.13%	10.09%	9.73%	9.91%	10.30%	9.67%	10.31%	10.34%	10.00%	10.08%	

(1) Represents transaction costs incurred in connection with the acquisition of Hatteras Financial Corp.

(2) Represents a component of Net gains (losses) on trading assets.

(3) Represents the portion of changes in fair value that is attributable to the realization of estimated cash flows on the Company's MSR portfolio and is reported as a component of Net unrealized gains (losses) on investments measured at fair value.

(4) Net of dividends on preferred stock, including cumulative and undeclared dividends on the Company's Series F Preferred stock of \$8.3 million for the quarter ended September 30, 2017.

Non-GAAP Reconciliations (Cont'd)

Unaudited, dollars in thousands except per share amounts

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, the Company provides non-GAAP financial measures. These measures should not be considered a substitute for, or superior to, financial measures computed in accordance with GAAP. These non-GAAP measures provide additional detail to enhance investor understanding of the Company's period-over-period operating performance and business trends, as well as for assessing the Company's performance versus that of industry peers. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP results are provided below.

	For the quarters ended													
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	
<u>Premium Amortization Reconciliation</u>														
Premium amortization expense	\$220,636	\$251,084	\$203,634	(\$19,812)	\$213,241	\$265,475	\$355,671	\$159,720	\$255,123	\$94,037	\$284,777	\$198,041	\$197,709	
Less:														
PAA cost (benefit)	\$39,899	\$72,700	\$17,870	(\$238,941)	\$3,891	\$85,583	\$168,408	(\$18,072)	\$83,136	(\$79,582)	\$87,883	\$31,695	\$25,992	
Premium amortization expense (excluding PAA)	\$180,737	\$178,384	\$185,764	\$219,129	\$209,350	\$179,892	\$187,263	\$177,792	\$171,987	\$173,619	\$196,894	\$166,346	\$171,717	
<u>Interest Income (excluding PAA) Reconciliation</u>														
GAAP interest income	\$622,550	\$537,426	\$587,727	\$807,022	\$558,668	\$457,118	\$388,143	\$576,580	\$450,726	\$624,277	\$519,114	\$648,088	\$644,579	
PAA cost (benefit)	\$39,899	\$72,700	\$17,870	(\$238,941)	\$3,891	\$85,583	\$168,408	(\$18,072)	\$83,136	(\$79,582)	\$87,883	\$31,695	\$25,992	
Interest income (excluding PAA)	\$662,449	\$610,126	\$605,597	\$568,081	\$562,559	\$542,701	\$556,551	\$558,508	\$533,862	\$544,695	\$606,997	\$679,783	\$670,571	
<u>Economic Interest Expense Reconciliation</u>														
GAAP interest expense	\$268,937	\$222,281	\$198,425	\$183,396	\$174,154	\$152,755	\$147,447	\$118,807	\$110,297	\$113,072	\$129,420	\$134,512	\$127,069	
Add:														
Interest expense on interest rate swaps used to hedge cost of funds	78,564	84,252	88,966	92,841	103,100	108,301	123,124	135,267	137,744	139,773	157,332	174,908	169,083	
Economic interest expense	\$347,501	\$306,533	\$287,391	\$276,237	\$277,254	\$261,056	\$270,571	\$254,074	\$248,041	\$252,845	\$286,752	\$309,420	\$296,152	
<u>Economic Net Interest Income (excluding PAA) Reconciliation</u>														
Interest income (excluding PAA)	\$662,449	\$610,126	\$605,597	\$568,081	\$562,559	\$542,701	\$556,551	\$558,508	\$533,862	\$544,695	\$606,997	\$679,783	\$670,571	
Less:														
Economic interest expense	347,501	306,533	287,391	276,237	277,254	261,056	270,571	254,074	248,041	252,845	286,752	309,420	296,152	
Economic net interest income (excluding PAA)	\$314,948	\$303,593	\$318,206	\$291,844	\$285,305	\$281,645	\$285,980	\$304,434	\$285,821	\$291,850	\$320,245	\$370,363	\$374,419	
<u>Economic Metrics (excluding PAA)</u>														
Interest income (excluding PAA)	\$662,449	\$610,126	\$605,597	\$568,081	\$562,559	\$542,701	\$556,551	\$558,508	\$533,862	\$544,695	\$606,997	\$679,783	\$670,571	
Average interest earning assets	\$89,253,094	\$83,427,268	\$85,664,151	\$84,799,222	\$82,695,270	\$73,587,753	\$74,171,943	\$73,178,965	\$72,633,314	\$75,257,299	\$81,896,255	\$85,344,889	\$84,765,754	
Average yield on interest earning assets (excluding PAA)	2.97%	2.93%	2.83%	2.68%	2.72%	2.95%	3.00%	3.05%	2.94%	2.90%	2.96%	3.19%	3.16%	
Economic interest expense	\$347,501	\$306,533	\$287,391	\$276,237	\$277,254	\$261,056	\$270,571	\$254,074	\$248,041	\$252,845	\$286,752	\$309,420	\$296,152	
Average interest bearing liabilities	\$76,382,315	\$70,486,779	\$72,422,968	\$72,032,600	\$70,809,712	\$62,049,474	\$62,379,695	\$60,516,996	\$59,984,298	\$63,504,983	\$70,137,382	\$73,233,538	\$72,425,009	
Average cost of interest bearing liabilities	1.82%	1.74%	1.59%	1.53%	1.57%	1.68%	1.73%	1.68%	1.65%	1.59%	1.64%	1.69%	1.64%	
Net interest spread (excluding PAA)	1.15%	1.19%	1.24%	1.15%	1.15%	1.27%	1.27%	1.37%	1.29%	1.31%	1.32%	1.50%	1.52%	
Net interest margin (excluding PAA)	1.47%	1.53%	1.55%	1.53%	1.42%	1.54%	1.54%	1.71%	1.65%	1.70%	1.68%	1.74%	1.77%	

Endnotes

Endnote 1.

- The following spreads are displayed with their representatives:
 - Agency Pools spreads - FN 30yr HLB 4.0% Libor OAS.
 - ARMs spreads - 10/1 5/2/5 3.0% Libor OAS.
 - Agency DUS - DUS 10/9.5 Spread to Swaps.
 - SASB - AAA - rolling average of pricing spread to swaps on most recent 4 deals.
 - CRT M2 - CAS low LTV on-the-run spread to 1mL.
 - NPL / RPL Securities - NPL A1.
 - Conduit A - CMBS conduit on-the-run spread to swaps.
 - Conduit BBB- - CMBS conduit on-the-run spread to swaps.
 - MML 2nd Lien - 2nd Lien Spread-to-maturity.

Endnote 2.

- Note the peers included in Select Peer Groups have been chosen based upon comparative sizes and businesses models.
- Select Agency Peers include: AGNC, ANH, ARR, CMO, CYS.
- Select Resi Credit Peers include: CIM, IVR, MFA, MTGE, NRZ, RWT, TWO.
- Select Commercial Real Estate Peers include: ACRE, ARI, BXMT, GPMT, KREF, LADR, STWD, TRTX.
- Select Middle Market Lending Peers include: ARCC, PNNT, SLRC.

Endnote 3.

- This graph is for illustrative purposes only.
- Portfolio credit allocations evenly split between Residential Credit, Commercial Real Estate and Middle Market Lending.
- Illustrative market returns for ROE/Standard Deviation for Fannie Mae 30yr 4.0 High Loan Balance MBS, CRT M2, Commercial 1st Mortgages, and 2nd Lien middle market loans are used as proxies for returns on equity for Agency, Residential Credit, Commercial Real Estate and Middle Market Lending, respectively.
- Levered spread returns are defined by week over week spread changes, multiplied by spread DV01, multiplied by leverage (which for this purpose is calculated as assets divided by equity).
- Standard deviations on levered spread returns are calculated from 1/1/14 through 11/3/17.
- Conduit CMBS spread standard deviations are used as a proxy for commercial 1st mortgages as it represents a similar risk profile and given limited available third party data direct lending data.
- “Liquidity” is defined as: the difference between “maximum leverage” based on observed market haircuts (20x for Agency) and “assumed leverage” (9x for Agency) plus 50bps (which is representative of working capital reserves) divided by the notional balance of total financing. Assumed leverage is equal to maximum leverage for CRE (4.0x), and MML (0.5x).
- “Liquidity target” is defined as the monthly standard deviation of portfolio volatility dividend by the notional balance of total financing.