

ANNALY CAPITAL MANAGEMENT INC

Form 424B5

July 25, 2017

Table of Contents

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

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-209447**

SUBJECT TO COMPLETION, DATED JULY 25, 2017

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated February 9, 2016)

Shares

Annaly Capital Management, Inc.

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

(Liquidation Preference \$25.00 Per Share)

We are offering _____ shares of our % Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$25.00 per share, or the Series F Preferred Stock. Holders of Series F Preferred Stock will be entitled to receive cumulative cash dividends (i) from and including the original issue date to, but excluding, September 30, 2022 at a fixed rate equal to % per annum of the \$25.00 per share liquidation preference (equivalent to \$ _____ per annum per share) and (ii) from and including September 30, 2022, at a floating rate equal to three-month LIBOR plus a spread of % per annum of the \$25.00 per share liquidation preference. Dividends will be payable quarterly in arrears on or about the last day of March, June, September and December of each year, when and as declared, beginning on December 31, 2017 (long first dividend period). Dividends will accumulate and be cumulative from, and including, the date of original issuance of the Series F Preferred Stock.

The Series F Preferred Stock is not redeemable by us prior to September 30, 2022, except under circumstances where it is necessary to preserve our qualification as a real estate investment trust, or REIT, for U.S. federal income tax purposes and except as described below upon the occurrence of a Change of Control (as defined herein). On or after September 30, 2022, we may, at our option, subject to certain procedural requirements, redeem any or all of the shares

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

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

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

, or the Share Cap, subject to certain adjustments as explained herein;
in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus supplement.

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

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

Investing in the Series F Preferred Stock involves risks that are described under the caption Risk Factors beginning on page S-11 of this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which is incorporated by reference into this prospectus supplement.

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

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

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

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

Delivery of the shares of the Series F Preferred Stock will be made on or about July 1, 2017, only in book-entry form through The Depository Trust Company.

Joint Book-Running Managers

Morgan Stanley J.P. Morgan UBS Investment Bank RBC Capital Markets Citigroup Keefe, Bruyette & Woods
A Stifel Company

Co-Managers

Credit Suisse **Sandler O'Neill + Partners, L.P.**
The date of this prospectus supplement is July , 2017

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	<u>Page</u>
<u>ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS</u>	S-iii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-iv
<u>A WARNING ABOUT FORWARD-LOOKING STATEMENTS</u>	S-v
<u>SUMMARY</u>	S-1
<u>THE OFFERING</u>	S-5
<u>RISK FACTORS</u>	S-11
<u>USE OF PROCEEDS</u>	S-17
<u>CAPITALIZATION</u>	S-18
<u>RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	S-20
<u>DESCRIPTION OF THE SERIES F PREFERRED STOCK</u>	S-21
<u>ADDITIONAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	S-37
<u>UNDERWRITING</u>	S-41
<u>LEGAL MATTERS</u>	S-44
<u>EXPERTS</u>	S-44
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	S-45

Prospectus

<u>ABOUT THIS PROSPECTUS</u>	1
<u>A WARNING ABOUT FORWARD-LOOKING STATEMENTS</u>	2
<u>ABOUT ANNALY CAPITAL MANAGEMENT, INC.</u>	3
<u>RISK FACTORS</u>	4
<u>USE OF PROCEEDS</u>	4
<u>RATIO OF EARNINGS TO FIXED CHARGES AND OF EARNINGS TO COMBINED FIXED CHARGES</u>	4
<u>AND PREFERRED STOCK DIVIDENDS</u>	4
<u>DESCRIPTION OF EQUITY SECURITIES</u>	5
<u>DESCRIPTION OF SECURITIES WARRANTS</u>	7
<u>DESCRIPTION OF RIGHTS TO PURCHASE OUR SECURITIES</u>	8
<u>DESCRIPTION OF DEBT SECURITIES</u>	9
<u>DESCRIPTION OF PURCHASE CONTRACTS</u>	24
<u>DESCRIPTION OF UNITS</u>	25
<u>RESTRICTIONS ON OWNERSHIP AND TRANSFER</u>	26
<u>CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS</u>	28
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	31
<u>PLAN OF DISTRIBUTION</u>	55
<u>EXPERTS</u>	57
<u>LEGAL MATTERS</u>	57
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	57

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

58

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

S-i

Table of Contents

We are not, and the underwriters are not, making an offer of the shares of Series F Preferred Stock covered by this prospectus supplement and the accompanying prospectus in any jurisdiction where the offer is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

S-ii

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS

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

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

*This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. See **Where You Can Find More Information** in this prospectus supplement and in the accompanying prospectus. Unless otherwise indicated or unless the context requires otherwise, references to **we**, **our** and **us** in this prospectus supplement mean Annaly Capital Management, Inc., a Maryland corporation, and all entities owned by us except where it is made clear that the term means only the parent company. The term **you** refers to a prospective investor.*

S-iii

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-3 with the SEC in connection with this offering. In addition, we file annual, quarterly, and current reports, proxy statements and other information with the SEC. You may read and copy any reports or other information that we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington D.C. 20549. You may also receive copies of these documents upon payment of a duplicating fee, by writing to the SEC's Public Reference Room. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room in Washington D.C. and other locations. Our SEC filings are also available to you, free of charge, on the SEC's website at www.sec.gov. Finally, we also maintain an internet site where you can find additional information. The address of our internet site is <http://www.annaly.com>. All internet site addresses provided in this prospectus supplement and accompanying prospectus are for informational purposes only and are not intended to be hyperlinks. In addition, the information on our internet site is not a part of, and is not incorporated or deemed to be incorporated by reference into this prospectus supplement or accompanying prospectus. Accordingly, no information in our or any of these other internet site addresses is included herein or incorporated or deemed to be incorporated by reference herein.

S-iv

Table of Contents

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus supplement and the accompanying prospectus, and the information incorporated by reference into this prospectus supplement and the accompanying prospectus and certain statements contained in our future filings with the SEC, in our press releases or in our other public or stockholder communications contain or incorporate by reference certain forward-looking statements which are based on various assumptions (some of which are beyond our control) and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as may, will, believe, expect, anticipate, continue, or similar variations on those terms or the negative of those terms. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to:

changes in interest rates;

changes in the yield curve;

changes in prepayment rates;

the availability of mortgage-backed securities and other securities for purchase;

the availability of financing and, if available, the terms of any financings;

changes in the market value of our assets;

changes in business conditions and the general economy;

our ability to grow our commercial business;

our ability to grow our residential mortgage credit business;

credit risks related to our investments in credit risk transfer securities, residential mortgage-backed securities and related residential mortgage credit assets, commercial real estate assets and corporate debt;

risks related to our investments in mortgage servicing rights and ownership of a servicer;

our ability to consummate any contemplated investment opportunities;

changes in government regulations and policy affecting our business;

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

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

our inability to accurately predict our net income per share, core earnings (excluding PAA) and core earnings for the three- and six-month period ended June 30, 2017 and our book value per share and economic leverage at June 30, 2017, for which we have provided preliminary estimates, contained in this prospectus supplement.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see **Risk Factors** in this prospectus supplement, the accompanying prospectus, our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. We do not undertake, and specifically disclaim any obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

S-v

Table of Contents

SUMMARY

The following summary highlights information contained elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus. It may not contain all of the information that is important to you. Before making a decision to invest in our Series F Preferred Stock, you should read carefully this entire prospectus supplement and the accompanying prospectus, including the risks set forth under the caption Risk Factors in this prospectus supplement, the accompanying prospectus and our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and our subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus. All references to Annaly, we, our and us in this prospectus supplement mean Annaly Capital Management, Inc., a Maryland corporation, and all entities owned by us except where it is made clear that the term means only the parent company. The term you refers to a prospective investor. The following defines certain of the commonly used terms in this prospectus supplement: Agency refers to a federally chartered corporation, such as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, or an agency of the U.S. Government, such as the Government National Mortgage Association, and Agency mortgage-backed securities refers to residential mortgage-backed securities that are issued or guaranteed by an Agency. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriters over-allotment option is not exercised.

Overview

Our Company

We are a leading diversified capital manager that invests in and finances residential and commercial assets. Our principal objectives are to generate net income for distributions to our stockholders from our investments and capital preservation. We are a Maryland corporation that has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code. Annaly is externally managed by Annaly Management Company LLC, or our Manager.

We use our capital coupled with borrowed funds to invest primarily in real estate related investments, earning the spread between the yield on our assets and the cost of our borrowing and hedging activities. Our activities focus on capital preservation and income generation through proactive portfolio management, supported by a conservative liquidity and leverage posture. We have made significant investments in our business as part of the diversification of our investment strategy. Our operating platform has expanded in support of our diversification strategy, and has included investments in systems, infrastructure and personnel. Our operating platform supports our investments in Agency and residential credit assets (including residential mortgage loans), to-be-announced forward contracts, commercial real estate, mortgage servicing rights, and corporate loans. We believe the diversity of our investment alternatives provides us the flexibility to adapt to changes in market conditions and to take advantage of potential resulting opportunities.

Corporate Information

Our principal executive offices are located at 1211 Avenue of Americas, New York, New York 10036. Our telephone number is (212) 696-0100. Our website is <http://www.annaly.com>. The contents of our website are not a part of this prospectus supplement or the accompanying prospectus. Our shares of common stock are traded on the NYSE under the symbol NLY.

S-1

Table of Contents

Recent Developments

Preliminary Estimates of Net Income Per Average Common Share, Core Earnings (excluding PAA) Per Average Common Share and Core Earnings Per Average Common Share for the quarter ended June 30, 2017 and Book Value Per Common Share and Economic Leverage at June 30, 2017

Although our financial results for the second quarter of 2017 are not yet finalized, we estimate the following:

Net income (loss) per average common share. Our net income (loss) per average common share for the quarter ended June 30, 2017 was \$(0.01), compared to \$0.41 and \$(0.32) per average common share for the quarters ended March 31, 2017 and June 30, 2016, respectively.

Core earnings (excluding PAA) per average common share. Our core earnings (excluding the premium amortization adjustment, or PAA) were \$0.30 per average common share for the quarter ended June 30, 2017, compared to \$0.31 and \$0.29 per average common share for the quarters ended March 31, 2017 and June 30, 2016, respectively.

Core earnings per average common share. Our core earnings were \$0.23 per average common share for the quarter ended June 30, 2017, compared to \$0.29 and \$0.19 per average common share for the quarters ended March 31, 2017 and June 30, 2016, respectively.

Book value per common share. Our book value per common share at June 30, 2017 was \$11.19, compared to \$11.23 per common share at March 31, 2017.

Economic leverage. Our economic leverage ratio, which is computed as the sum of recourse debt, to-be-announced (or TBA) derivative notional outstanding and net forward purchases of investments divided by total equity, at June 30, 2017 was 6.4:1, compared to 6.1:1 at March 31, 2017. Recourse debt consists of repurchase agreements and other secured financing.

Per share amounts at June 30, 2017 are based on 1,019,027,880 common shares issued and outstanding as of such date.

We define core earnings, a non-GAAP measure, as net income (loss) excluding gains or losses on disposals of investments and termination of interest rate swaps, unrealized gains or losses on interest rate swaps and investments measured at fair value through earnings, net gains and losses on trading assets, impairment losses, net income (loss) attributable to noncontrolling interest, corporate acquisition related expenses and certain other non-recurring gains or losses, and inclusive of dollar roll income and realized amortization of mortgage servicing rights, or MSRs. We also present core earnings as defined in the sentence above, but excluding the PAA, which is the component of premium amortization representing the cumulative impact on prior periods, but not on the current period, of the quarter-over-quarter change in estimated long-term constant prepayment rates.

To supplement our preliminary estimate of net income per average common share, which is prepared and presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide core earnings (excluding PAA)

per average common share and core earnings per average common share (each of which are non-GAAP financial measures). The Company believes these non-GAAP measures provide management and investors with additional details regarding the Company's underlying operating results and investment portfolio trends by (i) making adjustments to account for the disparate reporting of changes in fair value where certain instruments are reflected in GAAP net income (loss) while others are reflected in other comprehensive income (loss), and (ii) by excluding certain unrealized, non-cash or episodic components of GAAP net income (loss) in order to provide additional transparency into the operating performance of the Company's portfolio. Additionally, these non-GAAP measures may be useful in assessing our performance versus that of industry peers.

S-2

Table of Contents

While intended to offer a fuller understanding of our results and operations, non-GAAP financial measures also have limitations. For example, we may define our non-GAAP measures differently than those of industry peers. Additionally, in the case of core earnings (excluding PAA), the amount of premium amortization expense excluding the PAA is not necessarily representative of the amount of future periodic amortization nor is it indicative of the term over which we will amortize the remaining unamortized premium. Changes to actual and estimated prepayments will impact the timing and amount of premium amortization and, as such, both our GAAP and non-GAAP financial results. Our non-GAAP measures should not be considered a substitute for, or superior to, financial measures computed in accordance with GAAP. For additional information pertaining to our use of non-GAAP measures, please refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, both of which have been incorporated herein by reference.

The following table presents a summary reconciliation of our preliminary estimates of our GAAP financial results to our preliminary estimates of non-GAAP core earnings and core earnings (excluding PAA) for the quarter ended June 30, 2016. Amounts for the quarters ended March 31, 2017 and June 30, 2016 are based on actual results, as previously reported:

	For the Quarters Ended		
	June 30, 2017	March 31, 2017	June 30, 2016
	(dollars in thousands, except per share data)		
GAAP net income (loss)	\$ 14,522	\$ 440,408	\$ (278,497)
Less:			
Unrealized (gains) losses on interest rate swaps	177,567	(149,184)	373,220
Other adjustments: (gains) and losses ⁽¹⁾	3,859	(29,134)	22,351
Plus:			
TBA dollar roll income and MSR amortization	63,953	55,938	79,519
Core earnings	259,901	318,028	196,593
PAA cost (benefit)	72,700	17,870	85,583
Core earnings (excluding PAA)	\$ 332,601	\$ 335,898	\$ 282,176
GAAP net income (loss) per average common share ⁽²⁾	\$ (0.01)	\$ 0.41	\$ (0.32)
Core earnings per average common share ⁽²⁾	\$ 0.23	\$ 0.29	\$ 0.19
Core earnings (excluding PAA) per average common share ⁽²⁾	\$ 0.30	\$ 0.31	\$ 0.29

- (1) Comprised of realized gains (losses) on termination of interest rate swaps, net gains (losses) on disposal of investments, net gains (losses) on trading assets, net unrealized gains (losses) on investments measured at fair value through earnings, corporate acquisition related expenses and net income (loss) attributable to

noncontrolling interest.

(2) Net of dividends on preferred stock.

Our closing procedures for the three months ended June 30, 2017 are not yet complete and, as a result, our preliminary estimates of the financial information above reflect our preliminary estimate with respect to such results based on information currently available to management, and may vary from our actual financial results as of and for the quarter ended June 30, 2017. Further, these estimates are not a comprehensive statement of our financial results as of and for the quarter ended June 30, 2017. Accordingly, you should not place undue reliance

S-3

Table of Contents

on this preliminary information. These estimates, which are the responsibility of our management, were prepared by our management in connection with the preparation of our financial statements and are based upon a number of assumptions. Additional items that may require adjustments to the preliminary operating results may be identified and could result in material changes to our estimated preliminary operating results. Estimates of operating results are inherently uncertain and we undertake no obligation to update this information. See Special Note Regarding Forward-Looking Statements, Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations included or incorporated by reference herein for factors that could impact our actual results of operations. Ernst & Young LLP has not audited, reviewed, compiled or performed any procedures with respect to this preliminary financial information. Accordingly, Ernst & Young LLP does not express an opinion or provide any form of assurance with respect thereto.

Offering of Common Stock

On July 21, 2017, we closed on an underwritten public offering of 60,000,000 shares of our common stock, for net proceeds of approximately \$700 million before deducting estimated offering expenses. In connection with the offering, we granted the underwriters a thirty-day option to purchase up to an additional 9,000,000 shares of common stock, which the underwriters have exercised in full and is expected to close, subject to customary closing conditions, on July 26, 2017 for additional net proceeds of approximately \$105 million.

Sale by Annaly of Pingora loan servicing platform to Bayview Asset Management, LLC

We have entered into an interest purchase agreement with Bayview Asset Management, LLC, or Bayview, pursuant to which we will sell Pingora Holdings, L.P., or Pingora, a Delaware limited partnership and wholly-owned indirect subsidiary of our Company, to Bayview. Through its wholly-owned subsidiaries, Pingora operates as a specialized asset manager focused on investing in new production performing MSR's and servicing residential mortgage loans. The disposition is subject to customary closing conditions, including requisite regulatory approvals, and is expected to close in the third quarter of 2017.

Increased Stock Ownership Commitment by CEO and Senior Management

Kevin Keyes, our Chief Executive Officer and President, has volunteered an increased commitment to own an aggregate \$15 million of shares of common stock of the Company within the next three years. Mr. Keyes' current stock ownership position has been acquired entirely through purchases on the open market and he has pledged to meet his enhanced \$15 million commitment solely through additional open market purchases. This \$15 million commitment exceeds Mr. Keyes' \$10 million stock ownership requirement, which was implemented pursuant to the expanded stock ownership guidelines previously announced by us in 2016.

In addition to Mr. Keyes, other members of senior management, including Chief Investment Officer David Finkelstein, Chief Credit Officer Timothy Coffey, Chief Financial Officer Glenn Votek and Chief Legal Officer Anthony Green, have committed to voluntarily increase their stock ownership positions beyond the amounts required under the 2016 stock ownership guidelines. Like Mr. Keyes, these officers have agreed to achieve their increased stock ownership commitments through open market purchases of the Company's common stock within the next three years. As of June 30, 2017, all individuals subject to the Company's stock ownership guidelines either met or, within the applicable period, are expected to meet such guidelines.

S-4

Table of Contents

THE OFFERING

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

In this prospectus supplement, (i) our Junior Stock means our common stock, par value \$0.01 per share, and any class or series of stock we may issue in the future that by its terms ranks junior to the Series F Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution, or winding up, (ii) our Parity Stock means our 7.875% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, or the Series A Preferred Stock, our 6.00% Series B Cumulative Redeemable Preferred Stock, par value \$0.01 per share, or the Series B Preferred Stock, our 7.625% Series C Cumulative Redeemable Preferred Stock, par value \$0.01 per share, or the Series C Preferred Stock, our 7.50% Series D Cumulative Redeemable Preferred Stock, par value \$0.01 per share, or the Series D Preferred Stock, our 7.625% Series E Cumulative Redeemable Preferred Stock, par value \$0.01 per share, or the Series E Preferred Stock, and any other class or series of stock issued by us from time to time that by its terms ranks on parity with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up, and (iii) our Senior Stock means any class or series of stock we may issue in the future that by its terms ranks senior to the Series F Preferred Stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up. The term stock does not include any convertible or exchangeable debt securities we may issue in the future.

Issuer	Annaly Capital Management, Inc., a Maryland corporation
Securities Offered	shares of % Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (plus up to an additional shares of % Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock that we will issue and sell in the event the underwriters exercise their over-allotment option).
Dividends	<p>Holders of Series F Preferred Stock will be entitled to receive cumulative cash dividends (i) from and including the original issue date to, but excluding, September 30, 2022 at a fixed rate equal to % per annum of the \$25.00 per share liquidation preference (equivalent to \$ per annum per share) and (ii) from and including September 30, 2022, at a floating rate equal to three-month LIBOR plus a spread of % per annum of the \$25.00 per share liquidation preference.</p> <p>Dividends will be payable quarterly in arrears on the last day of March, June, September and December of each year, when and as declared, provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend</p>

payment date may be paid on the next succeeding business day.
Dividends will accumulate and be cumulative from, and including, the date of original issuance, which is expected to be , 2017. The first dividend is scheduled to be payable on or about December 31, 2017 (long first dividend period) in the amount of \$ per share and

S-5

Table of Contents

will be paid to the persons who are the holders of record of the Series F Preferred Stock at the close of business on the corresponding record date fixed by our board of directors in accordance with the articles supplementary classifying and designating the Series F Preferred Stock.

No Maturity

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

Optional Redemption

The Series F Preferred Stock is not redeemable by us prior to September 30, 2022, except under circumstances where it is necessary to preserve our qualification as a REIT for U.S. federal income tax purposes and except as described below under Special Optional Redemption upon the occurrence of a Change of Control (as defined herein). On and after September 30, 2022, we may, at our option, subject to certain procedural requirements, redeem the Series F Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest. Please see the section entitled Description of the Series F Preferred Stock Redemption Optional Redemption.

Special Optional Redemption

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

S-6

Table of Contents

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

the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our stock entitling that person to exercise more than 50% of the total voting power of all our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

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

Conversion Rights

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

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

Stock Price (as defined herein); and

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

in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt,

S-7

Table of Contents

under specified circumstances, of alternative consideration as described in this prospectus supplement.

For definitions of Change of Control Conversion Right, Change of Control Conversion Date and Common Stock Price and a description of certain adjustments and provisions for the receipt of alternative consideration that may be applicable to the conversion of Series F Preferred Stock in the event of a Change of Control, and for other important information, please see the section entitled Description of the Series F Preferred Stock Conversion Rights.

Liquidation Preference

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

Ranking

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

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

on a parity with our Parity Stock;

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

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

Voting Rights

Holders of Series F Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series F Preferred Stock for six or more full quarterly Dividend Periods (as defined herein) (whether

or not consecutive), the number of directors constituting the board of directors will automatically be increased by two and the holders of Series F Preferred Stock, voting together as a single class with the holders of the Parity Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of two additional directors to serve on our board of directors until we pay all dividends accumulated on the Series F Preferred Stock for all past Dividend Periods and the then current Dividend Period.

In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series F Preferred Stock and Parity Stock

S-8

Table of Contents

upon which like voting rights have been conferred and are exercisable (voting together as a single class), is required for us to:

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

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

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

Information Rights

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

Listing

No current market exists for the Series F Preferred Stock. We intend to apply to list the Series F Preferred Stock on the NYSE under the symbol NLYPrF . If approved for listing, we expect that trading on the NYSE will commence within 30 days after the date of initial issuance of the Series F Preferred Stock. Certain of the underwriters have advised us that

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

S-9

Table of Contents

Restrictions on Transfer and Ownership	Our charter contains restrictions on the number of shares of our capital stock that a person may own that are intended to assist us in maintaining the qualification as a REIT. Among other things, our charter provides that, subject to exceptions, no person may beneficially or constructively own shares of any class or series of our capital stock in excess of 9.8% in value or in number of our outstanding shares of such class or series of capital stock. In addition, our charter, subject to exceptions, prohibits any person from beneficially owning our shares of capital stock to the extent that such ownership of shares would result in failing to qualify as a REIT. For more information about these restrictions, see Description of the Series F Preferred Stock Restrictions on Transfer and Ownership in this prospectus supplement and Restrictions on Ownership and Transfer in the accompanying prospectus.
Book Entry and Form	DTC will act as securities depository for the Series F Preferred Stock, which will only be issued in the form of global securities held in book-entry form.
Use of Proceeds	We intend to use the net proceeds of this offering to redeem all of our outstanding Series A Preferred Stock with an aggregate liquidation preference of approximately \$185.3 million, plus a sum equal to all accrued and unpaid dividends on the Series A Preferred Stock, up to, and including, the redemption date. We intend to use the remaining net proceeds of this offering to acquire targeted assets under our capital allocation policy, which may include further diversification of our investments in Agency assets as well as residential, commercial and corporate credit assets. These investments include, without limitation, residential credit assets (including residential mortgage loans), middle market corporate loans, Agency MBS pools, to-be-announced forward contracts, adjustable rate mortgages, commercial real estate loans and securities and mortgage servicing rights. We also intend to use the net proceeds of this offering for general corporate purposes, including, without limitation, to pay down obligations and other working capital items. See Use of Proceeds in this prospectus supplement.
U.S. Federal Income Tax Considerations	For a discussion of the material U.S. federal income tax considerations relating to purchasing, owning and disposing of the Series F Preferred Stock and any common stock received upon conversion of the Series F Preferred Stock, please see the sections entitled Additional Material U.S. Federal Income Tax Considerations in this prospectus supplement and Material U.S. Federal Income Tax Considerations in the accompanying prospectus.
Risk Factors	

Investing in the Series F Preferred Stock involves risks that are described under the caption "Risk Factors" in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which is incorporated by reference herein.

S-10

Table of Contents

RISK FACTORS

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

Risks Related to the Series F Preferred Stock

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

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

Our charter provides that the total number of shares of stock of all classes which we have the authority to issue is two billion (2,000,000,000) shares of capital stock, par value \$0.01 per share. As of the date of this prospectus supplement we have outstanding 7,412,500 shares of Series A Preferred Stock, 12,000,000 shares of Series C Preferred Stock, 18,400,000 shares of Series D Preferred Stock and 11,500,000 shares of Series E Preferred Stock. Subject to limitations prescribed by Maryland law and our charter, our board of directors is authorized to issue, from our authorized but unissued shares of stock, preferred stock in such classes or series as our board of directors may determine and to establish from time to time the number of shares of preferred stock to be included in any such class or series and to set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of any such class or series. The issuance of additional shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock or other Parity Stock would dilute the interests of the holders of Series F Preferred Stock, and the issuance of any Senior Stock or the incurrence of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series F Preferred Stock. Other than the limited conversion rights afforded to holders of Series F Preferred Stock that may become exercisable in connection with certain changes of control as described in this prospectus supplement under the heading **Description of the Series F Preferred Stock Conversion Rights**, none of the provisions relating to the Series F Preferred Stock contain any terms relating to or limiting our indebtedness or affording the holders of Series F Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease

or conveyance of all or substantially all of our assets, so long as the rights of the holders of Series F Preferred Stock are not materially and adversely affected.

S-11

Table of Contents

The Series F Preferred Stock has not been rated.

We have not sought to obtain a rating for the Series F Preferred Stock, and the Series F Preferred Stock may never be rated. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the Series F Preferred Stock or that we may elect to obtain a rating of our Series F Preferred Stock in the future. Furthermore, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the Series F Preferred Stock in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the Series F Preferred Stock.

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

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

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

You may not be able to exercise conversion rights upon a Change of Control. If exercisable, the change of control conversion rights described in this prospectus supplement may not adequately compensate you.

Upon the occurrence of a Change of Control, each holder of the Series F Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series F Preferred Stock held by such holder as described under "Description of the Series F Preferred Stock Redemption Optional Redemption" or "Description of the Series F Preferred Stock Redemption Special Optional Redemption," in which case such holder will have the right only with respect to shares of Series F Preferred Stock that are not called for redemption) to convert some or all of such holder's Series F Preferred Stock into shares of our common stock (or under specified circumstances certain alternative consideration). Notwithstanding that we generally may not redeem the Series F Preferred Stock prior to September 30, 2022, we have a special optional redemption right to redeem the Series F Preferred Stock in the event of a Change of Control, and holders of Series F Preferred Stock

will not have the right to convert any shares that we have elected to redeem prior to the Change of Control Conversion Date. Please see the sections entitled Description of the Series F Preferred Stock Redemption Special Optional Redemption and Description of the Series F Preferred Stock Conversion Rights.

S-12

Table of Contents

If we do not elect to redeem the Series F Preferred Stock prior to the Change of Control Conversion Date, then upon an exercise of the conversion rights provided to the holders of our Series F Preferred Stock, the holders of Series F Preferred Stock will be limited to a maximum number of shares of our common stock (or, if applicable, the Alternative Conversion Consideration (as defined below)) equal to the Share Cap multiplied by the number of shares of Series F Preferred Stock converted. If the Common Stock Price is less than \$ _____ per share (which is 50% of the per share closing sale price of our common stock reported on the NYSE on July _____, 2017), subject to adjustment in certain circumstances, the holders of Series F Preferred Stock will receive a maximum of _____ shares of our common stock per share of Series F Preferred Stock, which may result in a holder receiving shares of common stock (or Alternative Conversion Consideration, as applicable) with a value that is less than the liquidation preference of the Series F Preferred Stock.

The Change of Control conversion rights may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

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

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

Our charter contains restrictions on transfer and ownership of our stock intended to, among other purposes, assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes. Our charter provides that generally no person, other than certain excepted holders, may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% in value or in number of shares of the outstanding shares of any class or series of our stock. See Description of the Series F Preferred Stock Restrictions on Transfer and Ownership of Stock in this prospectus supplement and Restrictions on Ownership and Transfer in the accompanying prospectus. You should consider these ownership limitations prior to your purchase of the Series F Preferred Stock. No holder of Series F Preferred Stock will be entitled to convert such stock into our common stock to the extent that receipt of shares of our common stock would cause the holder to exceed any of the limitations on ownership and transfer contained in our charter. In addition, these restrictions could have anti-takeover effects and could reduce the possibility that a third party will attempt to acquire control of us, which could adversely affect the market price of the Series F Preferred Stock.

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

From September 30, 2022 the dividend rate for the Series F Preferred Stock will be determined based on three-month LIBOR. In the past, the level of three-month LIBOR has experienced significant fluctuations. Historical levels, fluctuations and trends of three-month LIBOR are not necessarily indicative of future levels. Any historical upward or downward trend in three-month LIBOR is not an indication that three-month LIBOR is more or less likely to increase or decrease at any time during the floating rate period, and you should not take the historical levels of three-month LIBOR as an indication of its future performance.

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

comparable change in the market value of the Series F Preferred Stock from September 30, 2022.

S-13

Table of Contents

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

The issuance of additional shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and additional series of preferred stock on parity with or senior to the Series F Preferred Stock would dilute the interests of the holders of the Series F Preferred Stock, and any issuance of preferred stock senior to the Series F Preferred Stock or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series F Preferred Stock. In addition, although holders of Series F Preferred Stock are entitled to limited voting rights, as described in Description of the Series F Preferred Stock Voting Rights, with respect to such matters, subject to certain exceptions, the Series F Preferred Stock will vote as a class with the Parity Stock upon which like voting rights have been conferred and are exercisable. As a result, generally, the voting rights of holders of Series F Preferred Stock may be significantly diluted, and the holders of such other series of preferred stock that we may issue may be able to control or significantly influence the outcome of any vote. Future issuances and sales of Parity Stock, or the perception that such issuances and sales could occur, may cause prevailing market prices for the Series F Preferred Stock and our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

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

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

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

Stock markets have experienced significant price and volume fluctuations. As a result, the market price of our securities could be similarly volatile. The market price of the Series F Preferred Stock will depend on many factors, which may change from time to time, including:

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

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

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

general economic and financial market conditions;

government action or regulation;

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

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

S-14

Table of Contents

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

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

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

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

The Series F Preferred Stock is a new issue of securities and currently no market exists for the Series F Preferred Stock. We intend to apply to list the Series F Preferred Stock on the NYSE. However, we cannot assure you that the Series F Preferred Stock will be approved for listing on the NYSE. Even if so approved, trading of the Series F Preferred Stock on the NYSE is not expected to begin until sometime during the period ending 30 days after the date of initial issuance of the Series F Preferred Stock and, in any event, a trading market on the NYSE for the Series F Preferred Stock may never develop or, even if one develops, may not be maintained and may not provide you with adequate liquidity. Certain of the underwriters have advised us that they intend to make a market in the Series F Preferred Stock prior to the commencement of any trading on the NYSE, but they are not obligated to do so and may discontinue market making at any time without notice. The liquidity of any market for the Series F Preferred Stock that may develop will depend on a number of factors, including prevailing interest rates, the dividend rate on our common stock, our financial condition and operating results, the number of holders of Series F Preferred Stock, the market for similar securities and the interest of securities dealers in making a market in the Series F Preferred Stock. As a result, the ability to transfer or sell the Series F Preferred Stock and the amount you receive upon any sale or transfer of the Series F Preferred Stock could be adversely affected.

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

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

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

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

Other than in connection with a Change of Control, the Series F Preferred Stock does not contain provisions that are intended to protect you if our common stock is delisted from the NYSE. Since the Series F Preferred Stock has no stated maturity date, you may be forced to hold your shares of the Series F Preferred Stock and receive stated

dividends on the Series F Preferred Stock when, as and if authorized by our board of directors and declared and paid by us with no assurance as to ever receiving the liquidation value thereof. In addition, if our

S-15

Table of Contents

common stock is delisted from the NYSE, it is likely that the Series F Preferred Stock will be delisted from the NYSE as well. Accordingly, if our common stock is delisted from the NYSE, your ability to transfer or sell your shares of the Series F Preferred Stock may be limited and the market value of the Series F Preferred Stock will likely be materially adversely affected.

Our preliminary estimates of Net Income Per Average Common Share, Core Earnings (excluding PAA) Per Average Common Share and Core Earnings Per Average Common Share for the quarter ended June 30, 2017 and Book Value Per Common Share and Economic Leverage at June 30, 2017 could vary materially from our final results.

We have provided our estimated (i) net income per average common share, core earnings (excluding PAA) per average common share and core earnings per average common share for the quarter ended June 30, 2017, and (ii) our book value per common share and economic leverage at June 30, 2017. See Summary Overview Our Company Recent Developments. These estimates, which are the responsibility of our management, were prepared by our management in connection with the preparation of our financial statements and are based upon a number of assumptions. Our closing procedures for the quarter ended June 30, 2017 are not yet complete. As such, additional items that may require adjustments to the preliminary operating results may be identified and could result in material changes to our estimated preliminary operating results. Estimates of operating results are inherently uncertain. A variance between our estimated and final results may materially reduce the market price of our common stock, which may materially reduce the market price of our Series F Preferred Stock.

Table of Contents

USE OF PROCEEDS

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

We intend to use the net proceeds of this offering to redeem all of our outstanding Series A Preferred Stock with an aggregate liquidation preference of approximately \$185.3 million, plus a sum equal to all accrued and unpaid dividends on the Series A Preferred Stock, up to, and including, the redemption date. We intend to use the remaining net proceeds of this offering to acquire targeted assets under our capital allocation policy, which may include further diversification of our investments in Agency assets as well as residential, commercial and corporate credit assets. These investments include, without limitation, residential credit assets (including residential mortgage loans), middle market corporate loans, Agency MBS pools, to-be-announced forward contracts, adjustable rate mortgages, commercial real estate loans and securities and mortgage servicing rights. We also intend to use the net proceeds of this offering for general corporate purposes, including, without limitation, to pay down obligations and other working capital items.

Pending these uses, we intend to maintain the net proceeds of this offering in interest-bearing, short-term, marketable investment grade securities or (interest or non-interest bearing) checking (or escrow) accounts or money market accounts that are consistent with our intention to maintain our qualification as a REIT. These investments may include, for example, government securities other than Agency securities, certificates of deposit and interest-bearing bank deposits. These investments are expected to provide a lower net return than we will seek to achieve from our targeted assets.

Table of Contents**CAPITALIZATION**

The following table sets forth our consolidated capitalization as of March 31, 2017 (i) on an actual basis and (ii) on an as adjusted basis after giving effect to the designation of _____ shares of our authorized but unissued preferred stock as Series F Preferred Stock and the issuance and sale of _____ shares of Series F Preferred Stock in this offering (assuming no exercise of the underwriters' over-allotment option).

You should read the table below in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the accompanying consolidated financial statements and related notes in our annual report on Form 10-K for the year ended December 31, 2016 and our quarterly report on Form 10-Q for the three months ended March 31, 2017, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of March 31, 2017 (unaudited)	
	Actual	As Adjusted⁽¹⁾
	(Amounts in thousands, except share and per share data)	
Cash and cash equivalents	\$ 819,421	\$
Total liabilities	72,011,608	72,011,608
Stockholders' Equity:		
7.875% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share, 7,412,500 shares authorized, issued and outstanding on an actual and as adjusted basis ⁽²⁾	117,088	117,088
7.625% Series C Cumulative Redeemable Preferred Stock, \$0.01 par value per share, 12,650,000 shares authorized and 12,000,000 shares issued and outstanding on an actual and as adjusted basis	290,514	290,514
7.50% Series D Cumulative Redeemable Preferred Stock, \$0.01 par value per share, 18,400,000 shares authorized, issued and outstanding on an actual and as adjusted basis	445,457	445,457
7.625% Series E Cumulative Redeemable Preferred Stock, \$0.01 par value per share, 11,500,000 shares authorized, issued and outstanding on an actual and as adjusted basis	287,500	287,500
% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, no shares authorized, issued and outstanding on an actual basis, _____ shares authorized and _____ shares issued and outstanding on an as adjusted basis ⁽³⁾		
Common stock, \$0.01 par value per share, 1,945,437,500 shares authorized on an actual basis, 1,950,037,500 shares authorized on an as adjusted basis; 1,018,971,441 shares issued and outstanding on an actual and as adjusted basis ⁽⁴⁾⁽⁵⁾⁽⁶⁾	10,190	10,190
Additional paid-in capital	15,580,038	
Accumulated other comprehensive income (loss)	(1,126,091)	(1,126,091)

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Accumulated deficit	(3,024,670)	(3,024,670)
Total stockholders' equity	\$ 12,640,026	\$
Noncontrolling interest	7,323	7,323
Total equity	12,647,349	
Total capitalization	\$ 84,658,957	\$

S-18

Table of Contents

- (1) Does not include 60,000,000 shares of our common stock issued in connection with the common stock offering that closed on July 21, 2017, and 9,000,000 shares expected to be issued on July 26, 2017 in respect of the underwriters' exercise of their option to purchase additional shares in full.
- (2) We intend to redeem all of the outstanding shares of 7.875% Series A Cumulative Redeemable Preferred Stock as soon as practicable following completion of this offering.
- (3) Does not include up to _____ shares of Series F Preferred Stock that may be issued upon exercise of the underwriters' over-allotment option.
- (4) Excludes shares of common stock issuable upon vesting of outstanding deferred stock unit awards under our equity incentive plan.
- (5) Simultaneously with the settlement of the shares of Series F Preferred Stock offered hereby, we intend to file articles supplementary with the State Department of Assessments and Taxation of Maryland to reclassify 4,600,000 shares of Series B Preferred Stock as shares of common stock.
- (6) Does not include _____ shares of our common stock to be reclassified as shares of preferred stock in connection with this offering.

S-19

Table of Contents**RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table sets forth our ratios of earnings to combined fixed charges and preferred stock dividends for each of the periods indicated.

	Three Months Ended March 31,	For the Years Ended December 31,				
	2017	2016	2015	2014	2013	2012
Ratio of earnings to combined fixed charges and preferred stock dividends ⁽¹⁾⁽²⁾	2.28	2.08	1.34	0.36 ⁽³⁾	3.28	2.08

- (1) The ratios of earnings to combined fixed charges and preferred stock dividends were computed by dividing the sum of fixed charges and preferred stock dividends by earnings. For this purpose, earnings consist of net income from continuing operations and fixed charges. Fixed charges consist of our interest expense and estimated interest within rental expense. Preferred stock dividends consist of pre-tax amounts required to pay dividends in respect of our issued and outstanding shares of preferred stock for each of the periods presented.
- (2) The ratios of earnings to combined fixed charges and preferred stock dividends were computed including the Series A Preferred Stock, which we intend to redeem with the net proceeds of this offering.
- (3) For the year ended December 31, 2014, the ratio coverage in the period was less than 1:1. We would have had to generate additional earnings of \$908,922 to achieve coverage of 1:1 in that period.

Table of Contents

DESCRIPTION OF THE SERIES F PREFERRED STOCK

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

General

Our charter provides that the total number of shares of stock of all classes which we have the authority to issue is two billion (2,000,000,000) shares of capital stock, par value \$0.01 per share. Of these shares of capital stock, 1,945,437,500 shares are classified as shares of our common stock, 7,412,500 shares are classified as shares of our Series A Preferred Stock, 4,600,000 shares are classified as shares of our 6.00% Series B Preferred Stock, par value \$0.01 per share, 12,650,000 shares are classified as shares of our Series C Preferred Stock, 18,400,000 shares are classified as shares of our Series D Preferred Stock and 11,500,000 shares are classified as shares of our Series E Preferred Stock. On April 3, 2012, we completed the conversion of all of our outstanding shares of Series B Preferred Stock into shares of our common stock in accordance with the terms of our Series B Preferred Stock. Our board of directors may classify and reclassify any unissued shares of capital stock by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividend and other distributions, qualifications or terms or conditions of redemption of such shares of stock.

Simultaneously with the settlement of the shares of Series F Preferred Stock offered hereby, we intend to file articles supplementary with the State Department of Assessments and Taxation of Maryland to reclassify 4,600,000 shares of Series B Preferred Stock as shares of common stock.

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

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

The registrar, transfer agent and dividend and redemption price disbursing agent in respect of the Series F Preferred Stock will be Computershare Trust Company, N.A.

Maturity

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

S-21

Table of Contents

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

Ranking

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

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

on a parity with our Parity Stock;

junior to any Senior Stock we may issue; and

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

Dividends

Holders of shares of the Series F Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends. The initial dividend rate for the Series F Preferred Stock from and including the date of original issuance to, but not including, September 30, 2022 (the Fixed Rate Period) will be % of the \$25.00 per share liquidation preference per annum (equivalent to \$ per annum per share). On and after September 30, 2022 (the Floating Rate Period), dividends on the Series F Preferred Stock will accumulate at a percentage of the \$25.00 liquidation preference equal to an annual floating rate of the Three-Month LIBOR Rate plus a spread of %. Dividends on the Series F Preferred Stock will accumulate daily and be cumulative from, and including, the date of original issue and will be payable quarterly in arrears on the last day of each March, June, September and December (each, a dividend payment date); provided that if any dividend payment date is not a business day, as defined in the articles supplementary designating the Series F Preferred Stock, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day with the same force and effect as if paid on such dividend payment date. No interest, additional dividends or sums in lieu of interest will be payable for the period from and after that dividend payment date to that next succeeding business day. The first dividend on the Series F Preferred Stock is scheduled to be payable on or about December 31, 2017 (long first Dividend Period), in the amount of \$ per share. Any dividend payable on the Series F Preferred Stock, including dividends payable for any partial Dividend Period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear on our stock records at the close of business on the applicable record date, which will be no fewer than ten days and no more than 35 days prior to the applicable dividend payment date, as shall be fixed by the board of directors (each, a dividend record date). The dividends payable on any dividend payment date shall include dividends accumulated to, but not including, such dividend payment date.

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

accordance with the following provisions:

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

if no such rate appears on Reuters Page LIBOR01 or if the Reuters Page LIBOR01 is not available at approximately 11:00 a.m. (London time) on the relevant Dividend Determination Date, then we will

S-22

Table of Contents

select four nationally-recognized banks in the London interbank market and request that the principal London offices of those four selected banks provide us with their offered quotation for deposits in U.S. dollars for a period of three months, commencing on the first day of the applicable Dividend Period, to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on that Dividend Determination Date for the applicable Dividend Period. Offered quotations must be based on a principal amount equal to an amount that, in our discretion, is representative of a single transaction in U.S. dollars in the London interbank market at that time. If at least two quotations are provided, the Three-Month LIBOR Rate for such Dividend Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of those quotations. If fewer than two quotations are provided, the Three-Month LIBOR Rate for such Dividend Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of the rates quoted at approximately 11:00 a.m. (New York City time) on that Dividend Determination Date for such Dividend Period by three nationally-recognized banks in New York, New York selected by us, for loans in U.S. dollars to nationally-recognized European banks (as selected by us), for a period of three months commencing on the first day of such Dividend Period. The rates quoted must be based on an amount that, in our discretion, is representative of a single transaction in U.S. dollars in that market at that time. If fewer than three New York City banks selected by us do not quote rates in the manner described above, the Three-Month LIBOR Rate for the applicable Dividend Period will be the same as for the immediately preceding Dividend Period, or, if there was no such Dividend Period, the dividend shall be calculated at the dividend rate in effect for the immediately preceding Dividend Period.

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

Dividend Period means the period from, and including, a dividend payment date to, but excluding, the next succeeding dividend payment date, except for the initial Dividend Period, which will be the period from, and including, the original issue date of the Series F Preferred Stock to, but excluding, December 31, 2017.

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

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

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

Notwithstanding the foregoing, dividends on the Series F Preferred Stock will accumulate whether or not (i) the terms and provisions of any laws or agreements referred to in the preceding paragraph at any time prohibit the current payment of dividends, (ii) we have earnings, (iii) there are funds legally available for the payment of those dividends and (iv) those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend

payment or payments on the Series F Preferred Stock which may be in arrears, and

S-23

Table of Contents

holders of Series F Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series F Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

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

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

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

Liquidation Preference

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

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and any other Parity Stock we may issue, then the holders of Series A Preferred Stock, Series C Preferred Stock, Series D Preferred

Stock, Series E Preferred Stock, Series F Preferred Stock and such other

S-24

Table of Contents

Parity Stock will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled. As of the date of this prospectus supplement, we have outstanding 7,412,500 shares of Series A Preferred Stock, 12,000,000 shares of Series C Preferred Stock, 18,400,000 shares of Series D Preferred Stock and 11,500,000 shares of Series E Preferred Stock.

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

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

Redemption

The Series F Preferred Stock is not redeemable by us prior to September 30, 2022, except under circumstances where it is necessary to preserve our qualification as a REIT for U.S. federal income tax purposes (please see **Restrictions on Transfer and Ownership** below and **Restrictions on Ownership and Transfer** in the accompanying prospectus) and except as described below under **Special Optional Redemption** upon the occurrence of a Change of Control (as defined herein).

Optional Redemption. On and after September 30, 2022, we may, at our option, upon not less than 30 nor more than 60 days' notice, redeem the Series F Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest.

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

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

the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition

S-25

Table of Contents

transactions of our stock entitling that person to exercise more than 50% of the total voting power of all our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

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

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

the redemption date;

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

the redemption price;

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

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

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

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

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

given.

Holders of shares of Series F Preferred Stock to be redeemed must surrender such shares at the place designated in the notice of redemption and will be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender.

If notice of redemption of any shares of Series F Preferred Stock has been given and if we have irrevocably set apart for payment the funds necessary for redemption (including any accumulated and unpaid dividends) in trust for the benefit of the holders of the shares of Series F Preferred Stock so called for redemption, then from and after the redemption date (unless we default in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of Series F Preferred Stock, those shares of Series F Preferred Stock will no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption.

S-26

Table of Contents

If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day.

If less than all of the outstanding shares of Series F Preferred Stock are to be redeemed, the shares of Series F Preferred Stock to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional shares) or by lot. If such redemption is to be by lot and if, as a result of such redemption, any holder of Series F Preferred Stock would own, or be deemed by virtue of certain attribution provisions of the Code to own, in excess of 9.8% in value or in number of shares (whichever is more restrictive) of any class or series of our stock (including the Series F Preferred Stock), or violate any other restriction or limitation of our stock set forth in our charter, then, except as otherwise provided in our charter, we will redeem the requisite number of shares of Series F Preferred Stock of that holder such that the holder will not own or be deemed by virtue of certain attribution provisions of the Code to own, subsequent to the redemption, in excess of 9.8% in value or in number of shares (whichever is more restrictive) of any class or series of our stock or violate any other restriction or limitation of our stock set forth in our charter. See

Restrictions on Transfer and Ownership in this prospectus supplement and in accompanying prospectus under the heading Restrictions on Ownership and Transfer.

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

Unless full cumulative dividends on all shares of Series F Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past Dividend Periods, no shares of Series F Preferred Stock may be redeemed unless all outstanding shares of Series F Preferred Stock are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any shares of Series F Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock we may issue or pursuant to a purchase or exchange offer made on the same terms to all holders of Series F Preferred Stock and all Parity Stock); provided, however, that the foregoing will not prevent the redemption, purchase or acquisition by us of shares of Series F Preferred Stock for the purpose of enforcing restrictions on ownership and transfer of our stock contained in our charter, including in order to preserve our qualification as a REIT.

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

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series F Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series F Preferred Stock held by such holder as described above under Redemption, in which case such holder will have the right only with respect to shares of Series F Preferred Stock that are not called for redemption) to convert some or all of the shares of the Series F Preferred Stock held by such holder (the Change of Control

Conversion Right) on the Change of Control Conversion Date into a number of shares

S-27

Table of Contents

of our common stock per share of Series F Preferred Stock (the Common Stock Conversion Consideration) equal to the lesser of:

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

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

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

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

For the avoidance of doubt, subject to the immediately succeeding paragraph, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration, as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of the Series F Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the Exchange Cap). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

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

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders

S-28

Table of Contents

of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

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

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

the events constituting the Change of Control;

the date of the Change of Control;

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

the method and period for calculating the Common Stock Price;

the Change of Control Conversion Date;

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

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

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

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

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

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

Table of Contents

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

the relevant Change of Control Conversion Date;

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

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

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

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

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

the number of withdrawn shares of Series F Preferred Stock;

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

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

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

Shares of Series F Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change

S-30

Table of Contents

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

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

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

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

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

Voting Rights

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

Whenever dividends on any shares of Series F Preferred Stock are in arrears for six or more full quarterly Dividend Periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any other class or series of Parity Stock upon which like voting rights have been conferred and are exercisable) and the holders of Series F Preferred Stock, voting as a single class with holders of the Parity Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of Series F Preferred Stock and all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable to be held no later than 90 days after our receipt of such request (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of our stockholders, in which case, such vote will be held at the earlier of the next annual or special meeting of the stockholders to the extent permitted by

applicable law), and at each subsequent annual meeting until all dividends accumulated on the Series F Preferred Stock for all past Dividend Periods and the then current Dividend Period will have been fully paid. In that case, the right of holders of Series F Preferred Stock to elect any directors will cease and, unless there

S-31

Table of Contents

are other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable, the term of office of any directors elected by holders of Series F Preferred Stock will immediately terminate and the number of directors constituting the board of directors will be reduced accordingly. For the avoidance of doubt, in no event will the total number of directors elected by holders of Series F Preferred Stock (voting together as a single class with the Parity Stock upon which like voting rights have been conferred and are exercisable) pursuant to these voting rights exceed two. The directors elected by the holders of the Series F Preferred Stock and the holders of the Parity Stock upon which like voting rights have been conferred and are exercisable will be elected by a plurality of the votes cast by the holders of the outstanding shares of Series F Preferred Stock when they have the voting rights described in this paragraph and the Parity Stock upon which like voting rights have been conferred and are exercisable (voting together as a single class) to serve until our next annual meeting of stockholders and until their successors are duly elected and qualify or until such directors' right to hold the office terminates as described above, whichever occurs earlier.

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

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

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

alteration or repeal of any provision of our charter would materially and adversely affect the rights, preferences, privileges or voting rights of the Series F Preferred Stock disproportionately relative to other classes or series of Parity Stock, including the Series A Preferred Stock, Series B Preferred

S-32

Table of Contents

Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock, then the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series F Preferred Stock (voting as a separate class) shall also be required.

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

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

Information Rights

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

Restrictions on Transfer and Ownership

To assist us in qualifying as a REIT, our charter prohibits anyone from acquiring or holding, directly or constructively, ownership of 9.8%, in number of shares or value, of each class or series of our outstanding shares. For this purpose the term ownership generally means either direct ownership or constructive ownership in accordance with the constructive ownership provisions of Section 544 of the Code, as modified in Section 856(h) of the Code.

The constructive ownership provisions of Section 544 of the Code generally attribute ownership of securities owned by a corporation, partnership, estate or trust proportionately to its stockholders, partners or beneficiaries; attribute ownership of securities owned by family members to other members of the same family; and set forth rules for attributing securities constructively owned by one person to another person. To determine whether a person holds or would hold capital stock in excess of the 9.8% ownership limit, a person will be treated as owning not only shares of capital stock actually owned, but also any shares of capital stock attributed to that person under the attribution rules described above. Accordingly, a person who individually owns less than 9.8% of the shares outstanding may nevertheless be in violation of the 9.8% ownership limit.

Any transfer of shares of Series F Preferred Stock that would cause us to be disqualified as a REIT or that would (a) create a direct or constructive ownership of shares of Series F Preferred Stock in excess of the 9.8% ownership limit, or (b) result in the shares of our capital stock being beneficially owned (within the meaning of Section 856(a) of the Code) by fewer than 100 persons (determined without reference to any rules of attribution), or (c) result in us being closely held within the meaning of Section 856(h) of the Code, will be null and void, and the intended transferee (the purported transferee) will acquire no rights to those shares. In addition, no holder of Series F Preferred Stock will

be entitled to convert the Series F Preferred Stock into our common stock upon a Change of Control to the extent that receipt of our common stock would cause the holder to actually or

S-33

Table of Contents

constructively own stock exceeding either of the 9.8% ownership thresholds unless we provide an exemption from these ownership limitations to such holder at our sole discretion. These restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Any purported transfer of shares of Series F Preferred Stock or conversion of Series F Preferred Stock into shares of our common stock upon a Change of Control that would, if effective, result in a purported transferee owning (directly or constructively) shares of capital stock in excess of the 9.8% ownership limit due to the unenforceability of the transfer restrictions described above will constitute excess securities. Excess securities will be transferred by operation of law to a trustee of a trust that we will establish for the exclusive benefit of a charitable organization, until such time as the trustee of the trust retransfers the excess securities. The trustee will be a banking institution designated by us that is not affiliated with the purported transferee or us. While the excess securities are held in trust, the purported transferee will not be entitled to vote or to share in any dividends or other distributions with respect to the securities. Subject to the 9.8% ownership limit, excess securities may be transferred by the trust to any person (if such transfer would not result in excess securities) and upon such transfer, the purported transferee will have the right to receive the lesser of the price paid by the purported transferee (or, if no consideration was paid by the purported transferee, the fair market value of the excess securities on the date of the purported transfer), or the price per share for the excess securities received by the trust, at which point the excess securities will automatically cease to be excess securities.

Upon a purported transfer of excess securities, the purported transferee shall cease to be entitled to distributions, voting rights and other benefits with respect to the shares of capital stock except the right to payment of the purchase price for the shares of capital stock on the retransfer of securities as provided above. Any dividend or distribution paid to a purported transferee on excess securities prior to our discovery that shares of capital stock have been transferred in violation of our charter shall be repaid to us upon demand. If these transfer restrictions are determined to be void, invalid or unenforceable by a court of competent jurisdiction, then the purported transferee of any excess securities may be deemed, at our option, to have acted as an agent on our behalf in acquiring the excess securities and to hold the excess securities on our behalf.

Any person who acquires shares in violation of our charter, or any person who is a purported transferee such that excess securities results, must immediately give written notice or, in the event of a proposed or attempted transfer that would be void as set forth above, give at least 15 days prior written notice to us of such event and shall provide us such other information as we may request in order to determine the effect, if any, of the transfer on our qualification as a REIT. In addition, every record owner of 5.0% or more (during any period in which the number of record stockholders is 2,000 or more) or 1.0% or more (during any period in which the number of record stockholders is greater than 200 but less than 2,000) or 1/2% or more (during any period in which the number of record stockholders is 200 or less) of the number or value of our outstanding shares must send us an annual written notice by January 30 stating the name and address of the record owner and the number of shares held and describing how the shares are held. Further, each stockholder is required to disclose to us in writing information with respect to the direct and constructive ownership of shares as the Board of Directors deems reasonably necessary to comply with the REIT provisions of the Code, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

Our board of directors may increase or decrease the 9.8% ownership limit. In addition, to the extent consistent with the REIT provisions of the Code, our board of directors may, pursuant to our charter, waive the 9.8% ownership limit for a purchaser of our stock upon our receipt of a ruling from the Internal Revenue Service or an opinion of its tax advisor or such other conditions as we may direct. At present, we do not intend to waive the 9.8% ownership limit for any purchaser.

For further information regarding restrictions on ownership and transfer of the Series F Preferred Stock, please see the section entitled "Restrictions on Ownership and Transfer" in the accompanying prospectus.

S-34

Table of Contents

Preemptive Rights

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

Book-Entry Procedures

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

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

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

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

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

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

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

We understand that, under DTC's existing practices, in the event that we request any action of the holders, or an owner of a beneficial interest in a global security, such as you, desires to take any action which a holder is entitled to

S-35

Table of Contents

take under our charter (including the articles supplementary designating the Series F Preferred Stock), DTC would authorize the Direct Participants holding the relevant shares to take such action, and those Direct Participants and any Indirect Participants would authorize beneficial owners owning through those Direct and Indirect Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

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

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

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

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

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

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

Global Clearance and Settlement Procedures

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

Table of Contents

ADDITIONAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion supplements and, where applicable, supplants the discussion under the heading **Material U.S. Federal Income Tax Considerations** in the accompanying prospectus. Terms used in this section but not defined in this section have the meanings ascribed to them elsewhere in this prospectus supplement or in **Material U.S. Federal Income Tax Considerations** in the accompanying prospectus. You should refer to the discussion in the accompanying prospectus under **Material U.S. Federal Income Tax Considerations** for a discussion of the tax consequences of our election to be taxed as a REIT and the tax consequences to Owners of shares of our common stock. The following is a summary of certain material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of Series F Preferred Stock.

This discussion does not purport to be a complete analysis of all the potential tax considerations relating to the acquisition, ownership and disposition of Series F Preferred Stock and our common stock into which the Series F Preferred Stock may be converted. The discussion is based on the Code, current, temporary and proposed Treasury Regulations, the legislative history of the Code, current administrative interpretations and practices of the IRS, including its practices and policies as endorsed in private letter rulings, which are not binding on the IRS (except with respect to the taxpayer that received the ruling), and existing court decisions. Future legislation, regulations, administrative interpretations, and court decisions could change current law or adversely affect existing interpretations of current law. Any change could apply retroactively. The IRS could challenge the statements in this discussion, which do not bind the IRS or the courts.

This summary applies to you only if you are a beneficial owner of Series F Preferred Stock and you acquire the Series F Preferred Stock in this offering. This summary deals only with Series F Preferred Stock and common stock held as capital assets (within the meaning of Section 1221 of the Code) and does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

dealers in securities or currencies;

traders in securities;

Domestic Owners whose functional currency is not the United States dollar;

persons holding Series F Preferred Stock or common stock as part of a conversion, constructive sale, wash sale or other integrated transaction or a hedge, straddle, or synthetic security;

persons subject to the alternative minimum tax;

certain United States expatriates;

financial institutions;

insurance companies;

controlled foreign corporations, passive foreign investment companies and regulated investment companies, and shareholders of such corporations;

entities that are tax-exempt from U.S. federal income tax, such as retirement plans, individual retirement accounts, and tax-deferred accounts; and

pass-through entities, including partnerships and entities and arrangements classified as partnerships for U.S. federal tax purposes, and beneficial owners of pass-through entities.

If you are a partnership (or an entity or arrangement classified as a partnership for U.S. federal income tax purposes) holding Series F Preferred Stock or common stock, or a partner in such a partnership, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership, and you are encouraged to consult your tax advisor regarding the U.S. federal income and estate tax consequences of purchasing, owning and disposing of the Series F Preferred Stock and the common stock.

S-37

Table of Contents

You are encouraged to consult your tax advisor before you purchase Series F Preferred Stock regarding the particular U.S. federal, state and local and non-U.S. income and other tax consequences of purchasing, owning, and disposing of the Series F Preferred Stock and the common stock that may be applicable to you in light of your particular circumstances.

Taxation of Our Company

In the opinion of Hunton & Williams LLP, we qualified to be taxed as a REIT under the U.S. federal income tax laws for our taxable years ended December 31, 2013 through December 31, 2016, and our organization and current and proposed method of operation will enable us to continue to qualify as a REIT for our taxable year ending December 31, 2017 and thereafter. Investors should be aware that Hunton & Williams LLP's opinion is based upon customary assumptions, is conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets and the conduct of our business, is not binding upon the IRS or any court, and speaks as of the date issued. In addition, Hunton & Williams LLP's opinion is based on existing U.S. federal income tax law governing qualification as a REIT, which is subject to change either prospectively or retroactively. Moreover, our qualification and taxation as a REIT depend upon our ability to meet on a continuing basis, through actual annual and quarterly operating results, certain qualification tests set forth in the U.S. federal tax laws. Those qualification tests involve the percentage of income that we earn from specified sources, the percentage of our assets that falls within specified categories, the diversity of ownership of our shares of beneficial interest, and the percentage of our earnings that we distribute. Hunton & Williams LLP will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. Hunton & Williams LLP's opinion does not foreclose the possibility that we may have to use one or more of the REIT savings provisions, which would require us to pay an excise or penalty tax (which could be material) in order to maintain our REIT qualification. For a discussion of the tax consequences of our failure to qualify as a REIT, see "Material U.S. Federal Income Tax Considerations Failure to Qualify" in the accompanying prospectus.

Asset Tests

As described in "Material U.S. Federal Income Tax Considerations Asset Tests," we expect that substantially all of the MBS that we acquire will be treated as real estate assets. Where a mortgage covers both real property and other property, an apportionment may be required in the same manner as described under "Material U.S. Federal Income Tax Considerations Gross Income Tests Interest." IRS Revenue Procedure 2014-51 provides a safe harbor under which the IRS has stated that it will not challenge a REIT's treatment of a loan as being, in part, a qualifying real estate asset in an amount equal to the lesser of (i) the fair market value of the loan on the relevant quarterly REIT asset testing date or (ii) the greater of (a) the fair market value of the real property securing the loan on the relevant quarterly REIT asset testing date or (b) the fair market value of the real property securing the loan on the date the REIT committed to originate or acquire the loan. It is unclear how the safe harbor in Revenue Procedure 2014-51 is affected by the subsequent legislative changes regarding the treatment of loans secured by both real property and personal property where the fair market value of the personal property does not exceed 15% of the sum of the fair market values of the real property and personal property securing the loan. We intend to continue to seek to manage our portfolio to comply at all times with the various asset tests.

Annual Distribution Requirements

As discussed in the accompanying prospectus under "Material U.S. Federal Income Tax Considerations Annual Distribution Requirements," we are required to make certain distributions to maintain our REIT status. For our 2014 and prior taxable years, such distributions must not have been "preferential dividends." A dividend is not a preferential

dividend if the distribution is (i) pro-rata among all outstanding shares of stock within a particular class and (ii) in accordance with the preferences among different classes of stock as set forth in our organizational documents. For taxable years beginning after December 31, 2014, so long as we continue to be a

S-38

Table of Contents

publicly offered REIT (i.e., a REIT that is required to file annual and periodic reports with the SEC under the Exchange Act), the preferential dividend rule will not apply to us.

Taxation of Owners of Series F Preferred Stock Generally

The accompanying prospectus, under the heading **Material U.S. Federal Income Tax Considerations Taxation of Owners** describes in general the tax treatment of distributions that we make in respect of shares of our capital stock and the tax consequences that arise from the sale or disposition of shares of our capital stock. The discussion below supplements the discussion set out in the accompanying prospectus with respect to an investment in Series F Preferred Stock.

Redemption of Series F Preferred Stock

The treatment accorded to any redemption by us for cash (as distinguished from a sale, exchange or other disposition) of Series F Preferred Stock can only be determined on the basis of particular facts as to each Owner at the time of redemption. In general, an Owner of Series F Preferred Stock will recognize capital gain or loss measured by the difference between the amount received upon the redemption (less any portion thereof attributable to dividend arrearage, which will be taxable as a dividend to the extent of our current or accumulated earnings and profits) and such Owner's adjusted tax basis in the Series F Preferred Stock redeemed if such redemption (i) results in a complete termination of the Owner's interest in all classes of our stock under Section 302(b)(3) of the Code, (ii) is substantially disproportionate with respect to the Owner's interest in our stock under Section 302(b)(2) of the Code (which will not be the case if only Series F Preferred Stock is redeemed, since it generally does not have voting rights), or (iii) is not essentially equivalent to a dividend with respect to the Owner of Series F Preferred Stock under Section 302(b)(1) of the Code.

In applying these tests, there must be taken into account not only the Series F Preferred Stock owned by the Owner, but also such Owner's ownership of our common stock and any options (including stock purchase rights) to acquire any of the foregoing. The Owner of Series F Preferred Stock also must take into account any such securities (including options) which are considered to be owned by such Owner by reason of the constructive ownership rules set forth in Sections 318 and 302(c) of the Code. If a particular Owner of Series F Preferred Stock owns (actually or constructively) none of our common stock or an insubstantial percentage of our outstanding common stock, then based upon current law, it is probable that the redemption of Series F Preferred Stock from such an Owner would be considered not essentially equivalent to a dividend. However, whether a redemption is not essentially equivalent to a dividend depends on all of the facts and circumstances, and an Owner of Series F Preferred Stock intending to rely on any of these tests at the time of redemption should consult the Owner's own tax advisor to determine their application to the Owner's particular situation.

If the redemption does not meet any of the tests under Section 302 of the Code, then the redemption proceeds received from the Series F Preferred Stock will be treated as a dividend on the Series F Preferred Stock to the extent of our current or accumulated earnings and profits. If the redemption proceeds are taxed as a dividend, the Owner's adjusted tax basis in the Series F Preferred Stock will be transferred to any other stock held by the Owner. If the Owner of Series F Preferred Stock owns none of our other stock, under certain circumstances, such basis may be transferred to a related person, or it may be lost entirely.

Proposed Treasury Regulations would alter the method for recovering an Owner's adjusted tax basis in any of our Series F Preferred Stock redeemed in a dividend equivalent redemption. Under the proposed Treasury Regulations, an Owner would be treated as realizing a capital loss on the date of the dividend equivalent redemption of all of our Series F Preferred Stock actually owned by the Owner equal to the adjusted tax basis of such stock redeemed, subject

to adjustments. The recognition of such loss would generally be deferred until the occurrence of specified events, such as, for example, the Owner's ceasing to actually or constructively own any of our stock. The proposed Treasury Regulations would be effective for transactions that occur after the date the proposed Treasury Regulations are published as Final Treasury Regulations. There can, however, be no

S-39

Table of Contents

assurance as to whether, when and in what particular form such proposed Treasury Regulations will ultimately be finalized.

Conversion of Series F Preferred Stock

Subject to the discussion below, assuming that Series F Preferred Stock will not be converted at a time when there are distributions in arrears, in general, no gain or loss will be recognized for U.S. federal income tax purposes upon the conversion of our Series F Preferred Stock into common stock. Thus, the basis that an Owner will have for tax purposes in the common stock received will be equal to the adjusted basis the Owner had in the Series F Preferred Stock converted (but the basis will be reduced by the portion of adjusted tax basis allocated to any fractional share exchanged for cash) and, provided that the Series F Preferred Stock was held as a capital asset, the holding period for the common stock received will include the holding period for the Series F Preferred Stock redeemed or converted. An Owner will generally recognize gain or loss on the receipt of cash in lieu of a fractional common share in an amount equal to the difference between the amount of cash received and the Owner's adjusted basis in such fractional share.

If a conversion occurs when there is a dividend arrearage on the Series F Preferred Stock and the fair market value of the common stock exceeds the issue price of the Series F Preferred Stock, a portion of the common stock received might be treated as a dividend distribution taxable as ordinary income.

A Foreign Owner generally will not recognize gain or loss upon the conversion of the Series F Preferred Stock into our common stock, provided the Series F Preferred Stock does not constitute a United States real property interest (USRPI) and there is no dividend arrearage on the Series F Preferred Stock. Even if the Series F Preferred Stock does constitute a USRPI, provided our common stock also constitutes a USRPI, a Foreign Owner generally will not recognize gain or loss upon a conversion of the Series F Preferred Stock into our common stock provided certain reporting requirements related to the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) are satisfied. If the Series F Preferred Stock does constitute a USRPI and such requirements are not satisfied, however, a conversion of Series F Preferred Stock for our common stock will be treated as a taxable exchange. Such a taxable exchange will likely be subject to tax under FIRPTA at the rate of tax, including any applicable capital gains rates, that would apply to a domestic holder of the same type (e.g., an individual or a corporation, as the case may be) on the excess, if any, of the fair market value of such Foreign Owner's common stock received over such Foreign Owner's adjusted basis in its Series F Preferred Stock. Collection of such tax will be enforced by a refundable withholding tax at a rate of 15% of the value of our common stock received. As described in "Material U.S. Federal Income Tax Considerations—Taxation of Foreign Owners," we do not expect that our capital stock will constitute a USRPI.

Table of Contents**UNDERWRITING**

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below, for whom Morgan Stanley & Co. LLC is acting as representative, has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares of Series F Preferred Stock set forth opposite that underwriter's name.

Underwriters	Number of Shares
Morgan Stanley & Co. LLC	
J.P Morgan Securities LLC	
UBS Securities LLC	
RBC Capital Markets, LLC	
Citigroup Global Markets Inc.	
Keefe, Bruyette & Woods, Inc.	
Credit Suisse Securities (USA) LLC	
Sandler O'Neill & Partners, L.P.	
Total	

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

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

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

We have agreed that, for a period of 30 days from the date of this prospectus supplement, we will not, without the prior written consent of the representative, offer, sell, contract to sell or otherwise dispose of any of our securities that are substantially similar to the Series F Preferred Stock, including any securities that are convertible into or exchangeable for, or that represent rights to receive, the Series F Preferred Stock or substantially similar securities.

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

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

S-41

Table of Contents

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

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

We estimate that our total expenses incurred in connection with this offering, excluding the underwriting discounts, will be approximately \$250,000.

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

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

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

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

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

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

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

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

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

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

S-42

Table of Contents

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

Notice to Prospective Investors in Canada

The shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Extended Settlement

We expect that delivery of the shares of our Series F Preferred Stock will be made to investors on or about the fourth business day following the date of the final prospectus supplement (this settlement cycle being referred to as T+4). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if you wish to trade shares of our Series F Preferred Stock before their delivery, you will be required, because the shares initially will settle in T+4, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. If you wish to trade shares of our Series F Preferred Stock before their delivery, you should consult your advisors.

Table of Contents

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Hunton & Williams LLP and, with respect to certain matters of Maryland law, Venable LLP. Certain legal matters will be passed upon for the underwriters by Freshfields Bruckhaus Deringer US LLP.

EXPERTS

The consolidated financial statements of Annaly Capital Management Inc. appearing in Annaly Capital Management Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2016, and the effectiveness of Annaly Capital Management Inc.'s internal control over financial reporting as of December 31, 2016, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein, and incorporated herein by reference. Such financial statements are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of Ernst & Young LLP pertaining to such financial statements and the effectiveness of our internal control over financial reporting as of the respective dates (to the extent covered by consents filed with SEC) given on the authority of such firm as experts in accounting and auditing.

S-44

Table of Contents

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating by reference certain information that we file with the SEC, which means that we are disclosing important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and the information that we subsequently file with the SEC will automatically update and supersede information in this prospectus supplement and the accompanying prospectus and in our other filings with the SEC. We have filed the documents listed below with the SEC (File No. 001-13447) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and these documents are incorporated herein by reference. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed below or filed in the future, that are not deemed filed with the SEC, including without limitation any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K.

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed on February 23, 2017;

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed on May 5, 2017;

The information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2016 from our Definitive Proxy Statement on Schedule 14A filed on April 11, 2017;

Our Current Reports on Form 8-K, filed on March 20, 2017, May 25, 2017 and July 21, 2017; and

The description of our common stock, par value \$0.01 per share, included in our Registration Statement on Form 8-A, filed on October 6, 1997.

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

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

We will provide to each person, including any beneficial owner, to whom a copy of this prospectus supplement and the accompanying prospectus is delivered, a copy of any or all of the information that has been incorporated by reference into this prospectus supplement and the accompanying prospectus but not delivered with this prospectus supplement and the accompanying prospectus (other than the exhibits to such documents unless those exhibits are specifically incorporated by reference into those documents); we will provide this information at no cost to the requester upon written or oral request to Investor Relations, Annaly Capital Management, Inc., 1211 Avenue of the

Americas, New York, New York 10036, telephone number (212) 696-0100.

S-45

Table of Contents

PROSPECTUS

Annaly Capital Management, Inc.

Common Stock, Preferred Stock, Warrants, Stockholder Rights, Debt Securities,

Purchase Contracts and Units

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

shares of our common stock or preferred stock;

warrants to purchase shares of our common stock or preferred stock;

rights issuable to our stockholders to purchase shares of our common stock or preferred stock, to purchase warrants exercisable for shares of our common stock or preferred stock, or to purchase units consisting of two or more of the foregoing;

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

purchase contracts obligating holders to purchase from or sell to us, or us to sell to or purchase from holders, at a future date, certain securities described in this prospectus; and

units consisting of two or more of the foregoing.

We will provide specific terms of each issuance of these securities in supplements to this prospectus. In addition, selling security holders may sell these securities, from time to time, on terms described in the applicable prospectus supplement. You should read this prospectus and any supplement carefully before you decide to invest.

The New York Stock Exchange lists our common stock under the symbol **NLY**, our 7.875% Series A Cumulative Redeemable Preferred Stock under the symbol **NLY PrA**, our 7.625% Series C Cumulative Redeemable Preferred Stock under the symbol **NLY PrC** and our 7.50% Series D Cumulative Redeemable Preferred Stock under the symbol **NLY PrD**.

To assist us in qualifying as a real estate investment trust (**REIT**) for federal income tax purposes, no person may own more than 9.8% of the outstanding shares of any class of our common stock or our preferred stock, unless our Board of Directors waives this limitation.

Investing in these securities involves risks. You should carefully consider the information referred to under the heading Risk Factors beginning on page 4 of this prospectus.

We, or the selling security holders, may sell these securities to or through underwriters, dealers or agents, or directly to investors.

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

The date of this prospectus is February 9, 2016.

Table of Contents

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>A WARNING ABOUT FORWARD-LOOKING STATEMENTS</u>	2
<u>ABOUT ANNALY CAPITAL MANAGEMENT, INC.</u>	3
<u>RISK FACTORS</u>	4
<u>USE OF PROCEEDS</u>	4
<u>RATIOS OF EARNINGS TO FIXED CHARGES AND OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	4
<u>DESCRIPTION OF EQUITY SECURITIES</u>	5
<u>DESCRIPTION OF SECURITIES WARRANTS</u>	7
<u>DESCRIPTION OF RIGHTS TO PURCHASE OUR SECURITIES</u>	8
<u>DESCRIPTION OF DEBT SECURITIES</u>	9
<u>DESCRIPTION OF PURCHASE CONTRACTS</u>	24
<u>DESCRIPTION OF UNITS</u>	25
<u>RESTRICTIONS ON OWNERSHIP AND TRANSFER</u>	26
<u>CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS</u>	28
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	31
<u>PLAN OF DISTRIBUTION</u>	55
<u>EXPERTS</u>	57
<u>LEGAL MATTERS</u>	57
<u>WHERE YOU CAN FIND MORE INFORMATION ON ANNALY</u>	57
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	58

Table of Contents

ABOUT THIS PROSPECTUS

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

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

Table of Contents

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

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

changes in interest rates;

changes in the yield curve;

changes in prepayment rates;

the availability of mortgage-backed securities and other securities for purchase;

the availability of financing and, if available, the terms of any financings;

changes in the market value of our assets;

changes in business conditions and the general economy;

our ability to grow our commercial business;

our ability to grow our residential mortgage credit business;

credit risks related to our investments in credit risk transfer (*CRT*) securities, residential mortgage-backed securities (*RMBSs*) and related residential mortgage credit assets, commercial real estate assets and corporate debt;

our ability to consummate any contemplated investment opportunities;

changes in government regulations affecting our business;

our ability to maintain our qualification as a real estate investment trust for federal income tax purposes;

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

No forward-looking statement can be guaranteed, actual future results may vary materially, and we caution you not to place undue reliance on these forward-looking statements. For a discussion of the risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, please see the information under the caption **Risk Factors** described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and any other report incorporated by reference in this prospectus. We do not undertake, and specifically disclaim any obligation, to publicly release the result of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements, except as may be required by law.

Table of Contents**ABOUT ANNALY CAPITAL MANAGEMENT, INC.**

We are a leading mortgage REIT that is externally managed by Annaly Management Company LLC (**Manager**). Since our founding in 1997, we have strived to generate net income for distribution to our stockholders through the prudent selection and management of our investments.

We own a portfolio of real estate-related investments. We use our capital coupled with borrowed funds to invest in real estate-related investments, earning the spread between the yield on our assets and the cost of our borrowings and hedging activities.

We are primarily organized around the following operations:

Business Operations	Year Formed	Description
Annaly, the parent company	1997	Invests primarily in various types of Agency mortgage-backed securities and related derivatives to hedge these investments. Its portfolio also includes residential credit investments such as credit risk transfer securities and non-Agency mortgage-backed securities.
Annaly Commercial Real Estate Group, Inc. (or ACREG)	2009	Wholly-owned subsidiary that specializes in originating or acquiring, financing and managing commercial loans and other commercial real estate debt, commercial mortgage-backed securities and other commercial real estate-related assets.
Annaly Middle Market Lending LLC	2010	Wholly-owned subsidiary that engages in corporate middle market lending transactions.
RCap Securities, Inc.	2008	Wholly-owned subsidiary that operates as a broker-dealer, and is a member of the Financial Industry Regulatory Authority.

We are a Maryland corporation that commenced operations on February 18, 1997. We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (**Code**) and believe that we are organized and have operated in a manner that qualifies us to be taxed as a REIT. If we qualify for taxation as a REIT, we generally will not be subject to U.S. federal income tax on our taxable income that is distributed to our stockholders. Therefore, substantially all of our assets, other than our taxable REIT subsidiaries, consist of qualified REIT real estate assets (of the type described in Section 856(c)(5)(B) of the Code).

To ensure we qualify as a REIT, no person may own more than 9.8% of the outstanding shares of any class of our common stock or our preferred stock, unless our Board of Directors waives this limitation.

Stock Listing

Our common stock is traded on the New York Stock Exchange under the symbol **NLY** . Our 7.875% Series A Cumulative Redeemable Preferred Stock (which we refer to as our Series A Preferred Stock) is traded on the New York Stock Exchange under the symbol **NLY PrA** . Our 7.625% Series C Cumulative Redeemable Preferred Stock

(which we refer to as our Series C Preferred Stock) is traded on the New York Stock Exchange under the symbol NLY PrC . Our 7.50% Series D Cumulative Redeemable Preferred Stock (which we refer to as our Series D Preferred Stock) is traded on the New York Stock Exchange under the symbol NLY PrD .

Principal Executive Offices and Telephone Number

Our principal executive offices are located at 1211 Avenue of the Americas, New York, New York 10036. Our telephone number is (212) 696-0100. Our website is <http://www.annaly.com> . The contents of our website are not a part of this prospectus.

Table of Contents**RISK FACTORS**

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

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the securities offered by this prospectus for the purchase of assets in accordance with our investment strategy and, within the confines of the risk appetite statement, that are within our targeted asset classes, as well as for general corporate purposes. Our investment strategy, risk appetite statement, and targeted asset classes are set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, and in subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K. The Board of Directors has the power to modify or waive these policies and strategies without the consent of the stockholders to the extent that the Board of Directors determines that the modification or waiver is in the best interests of our stockholders. Among other factors, developments in the market which affect our policies and strategies or which change our assessment of the market may cause our Board of Directors to revise our policies and strategies or targeted asset classes.

**RATIOS OF EARNINGS TO FIXED CHARGES AND OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS**

The following table sets forth our ratios of earnings to fixed charges and of earnings to combined fixed charges and preferred stock dividends for periods indicated.

	Nine Months Ended September 30, 2015	Fiscal Years Ended December 31,				
	2015	2014	2013	2012	2011	2010
Ratio of earnings to combined fixed charges and preferred stock dividends	0.69x	0.36x	3.28x	2.08x	1.28x	2.08x
Ratio of earnings to fixed charges	0.74x	0.37x	3.44x	2.14x	1.30x	2.12x

The ratios of earnings to combined fixed charges and preferred stock dividends were computed by dividing the sum of fixed charges and preferred stock dividends by earnings. For this purpose, earnings consist of net income from continuing operations and fixed charges. Fixed charges consist of our interest expense and estimated interest within rental expense. Preferred stock dividends consist of pre-tax amounts required to pay dividends in respect of our Series A Preferred Stock, our 7.625% Series B Convertible Preferred Stock (which we refer to as our Series B Preferred Stock) and, beginning in 2012, our Series C Preferred Stock and Series D Preferred Stock. In April 2012, all outstanding shares of our Series B Preferred Stock were converted into common stock.

Table of Contents

DESCRIPTION OF EQUITY SECURITIES

General

Our charter provides that the total number of shares of stock of all classes which we have the authority to issue is two billion (2,000,000,000) shares of capital stock, par value \$0.01 per share. Of these shares of capital stock, 1,956,937,500 shares are classified as shares of our common stock, 7,412,500 shares are classified as shares of our 7.875% Series A Cumulative Redeemable Preferred Stock, 4,600,000 shares are classified as shares of our 6.00% Series B Cumulative Convertible Preferred Stock, 12,650,000 shares are classified as shares of our 7.625% Series C Cumulative Redeemable Preferred Stock and 18,400,000 shares are classified as shares of our 7.50% Series D Cumulative Redeemable Preferred Stock. On April 3, 2012, we completed the conversion of all of our outstanding shares of 6% Series B Cumulative Convertible Preferred Stock into shares of our common stock. Our Board may classify and reclassify any unissued shares of capital stock by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares of stock. As of December 31, 2015, we had 935,929,561 shares of common stock outstanding. In addition, as of December 31, 2015, we had 7,412,500 shares of Series A Preferred Stock outstanding, 12,000,000 shares of Series C Preferred Stock outstanding and 18,400,000 shares of Series D Preferred Stock outstanding.

All shares of common stock offered hereby will be duly authorized, fully paid and nonassessable. The statements below describing the common stock are in all respects subject to and qualified in their entirety by reference to our articles of incorporation, as amended, bylaws, as amended and restated, and any articles supplementary to our articles of incorporation, as amended.

Voting

Each of our common stockholders is entitled to one vote for each share held of record on each matter submitted to a vote of common stockholders.

Our bylaws, as amended and restated, provide that annual meetings of our stockholders will be held each calendar year on the date determined by our Board of Directors, and special meetings may be called by a majority of our Board of Directors, our Chairman, a majority of our independent directors, our President or generally by stockholders entitled to cast not less than a majority of the votes that all stockholders are entitled to cast at the meeting. Our articles of incorporation, as amended, may be amended in accordance with Maryland law.

Dividends; Liquidation; Other Rights

Common stockholders are entitled to receive dividends when declared by our Board of Directors out of legally available funds. The right of common stockholders to receive dividends is subordinate to the rights of preferred stockholders or other senior stockholders. If we have a liquidation, dissolution or winding up, our common stockholders will share ratably in all of our assets remaining after the payment of all of our liabilities and the payment of all liquidation and other preference amounts to preferred stockholders and other senior stockholders. Common stockholders have no preemptive or other subscription rights, and there are no conversion rights, or redemption or sinking fund provisions, relating to the shares of common stock.

Classification or Reclassification of Common Stock or Preferred Stock

Our articles of incorporation, as amended, authorize our Board of Directors to reclassify any unissued shares of common or preferred stock into other classes or series of shares, to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations, and restrictions on ownership, limitations as to dividends or other distributions, qualifications, and terms or conditions of redemption for each class or series.

Table of Contents

Preferred Stock

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

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

the title and stated value of the preferred stock;

the voting rights of the preferred stock, if applicable;

the preemptive rights of the preferred stock, if applicable;

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

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

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

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

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

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

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

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

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

any listing of the preferred stock on any securities exchange;

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

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

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

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

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

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

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

Transfer Agent and Registrar

Computershare Shareowner Services LLC, 480 Washington Blvd., 27th Floor, Jersey City, New Jersey 07310, is the transfer agent and registrar for our stock. Its telephone number is (800) 301-5234.

Table of Contents

DESCRIPTION OF SECURITIES WARRANTS

This section describes the general terms and provisions of the securities warrants that we may offer by this prospectus. The applicable prospectus supplement will describe the specific terms of the securities warrants then offered, and the terms and provisions described in this section will apply only to the extent not superseded by the terms of the applicable prospectus supplement.

We may issue securities warrants for the purchase of common stock or preferred stock, respectively referred to as common stock warrants and preferred stock warrants. Securities warrants may be issued independently or together with any other securities offered by this prospectus and any accompanying prospectus supplement and may be attached to or separate from such other securities. Each issuance of the securities warrants will be issued under a separate securities warrant agreement to be entered into by us and a bank or trust company, as securities warrant agent, all as set forth in the prospectus supplement relating to the particular issue of offered securities warrants. Each issue of securities warrants will be evidenced by securities warrant certificates. The securities warrant agent will act solely as an agent of ours in connection with the securities warrant certificates and will not assume any obligation or relationship of agency or trust for or with any holder of securities warrant certificates or beneficial owners of securities warrants.

If we offer securities warrants pursuant to this prospectus in the future, the applicable prospectus supplement will describe the terms of such securities warrants, including the following, where applicable:

the offering price;

the aggregate number of shares purchasable upon exercise of such securities warrants, and in the case of securities warrants for preferred stock, the designation, aggregate number, and terms of the class or series of preferred stock purchasable upon exercise of such securities warrants;

the designation and terms of the securities with which such securities warrants are being offered, if any, and the number of such securities warrants being offered with each such security;

the date on and after which such securities warrants and any related securities will be transferable separately;

the number of shares of preferred stock or shares of common stock purchasable upon exercise of each of such securities warrants and the price at which such number of shares of preferred stock or common stock may be purchased upon such exercise;

the date on which the right to exercise such securities warrants shall commence and the expiration date on which such right shall expire;

federal income tax considerations; and

any other material terms of such securities warrants.

Holders of future securities warrants, if any, will not be entitled by virtue of being such holders, to vote, to consent, to receive dividends, to receive notice with respect to any meeting of stockholders for the election of our directors or any other matter, or to exercise any rights whatsoever as stockholders of Annaly.

If securities warrants for the purchase of preferred stock are offered, the applicable prospectus supplement will also describe the terms of the preferred stock into which the securities warrants are exercisable as described under Description of Equity Securities Preferred Stock.

Table of Contents

DESCRIPTION OF RIGHTS TO PURCHASE OUR SECURITIES

This section describes the general terms and provisions of the rights to purchase certain of our securities that we may issue to holders of our securities by this prospectus. The applicable prospectus supplement will describe the specific terms of the rights then issued, and the terms and provisions described in this section will apply only to the extent not superseded by the terms of the applicable prospectus supplement.

We may issue, as a dividend at no cost, to holders of record of our securities or any class or series thereof on the applicable record date, rights to purchase shares of our common stock or preferred stock, to purchase warrants exercisable for shares of our common stock or preferred stock, or to purchase units consisting of two or more of the foregoing. In this prospectus, we refer to such rights as stockholder rights. If stockholder rights are so issued to existing holders of securities, each stockholder right will entitle the registered holder thereof to purchase the securities issuable upon exercise of the rights pursuant to the terms set forth in the applicable prospectus supplement.

If stockholder rights are issued, the applicable prospectus supplement will describe the terms of such stockholder rights, including the following where applicable:

record date;

subscription price;

subscription agent;

aggregate number of shares of preferred stock, shares of common stock, warrants, or units purchasable upon exercise of such stockholder rights and in the case of stockholder rights for preferred stock or warrants exercisable for preferred stock, the designation, aggregate number, and terms of the class or series of preferred stock purchasable upon exercise of such stockholder rights or warrants;

the date on which the right to exercise such stockholder rights shall commence and the expiration date on which such right shall expire;

federal income tax considerations; and

other material terms of such stockholder rights.

In addition to the terms of the stockholder rights and the securities issuable upon exercise thereof, the prospectus supplement may describe, for a holder of such stockholder rights who validly exercises all stockholder rights issued to such holder, how to subscribe for unsubscribed securities, issuable pursuant to unexercised stockholder rights issued to other holders, to the extent such stockholder rights have not been exercised.

Holders of stockholder rights will not be entitled by virtue of being such holders, to vote, to consent, to receive dividends, to receive notice with respect to any meeting of stockholders for the election of our directors or any other matter, or to exercise any rights whatsoever as stockholders of Annaly, except to the extent described in the related prospectus supplement.

Table of Contents

DESCRIPTION OF DEBT SECURITIES

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

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

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

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

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

General

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

the title of the series of debt securities;

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

Table of Contents

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

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

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

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

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

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

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

the place or places where amounts due on the debt securities of the series will be payable and where the debt securities of the series may be surrendered for registration of transfer and exchange, if other than the corporate trust office of the applicable trustee;

the terms and conditions, if any, upon which we may, at our option, redeem debt securities of the series;

the terms and conditions, if any, upon which we will repurchase or repay debt securities of the series at the option of the holders of debt securities of the series;

the terms of any sinking fund or analogous provision;

if other than U.S. dollars, the currency in which the purchase price for the debt securities of the series will be payable, the currency in which payments on the debt securities of the series will be payable, and the ability, if any, of us or the holders of debt securities of the series to have payments made in any other currency or currencies;

with respect to debt securities of the series, any addition of any covenant or Event of Default, or the modification or deletion of any covenant or Event of Default;

whether the debt securities of the series are to be issuable, in whole or in part, in bearer form (bearer debt securities);

whether any debt securities of the series will be issued in temporary or permanent global form (global debt securities) and, if so, the identity of the depository for the global debt securities if other than The Depository Trust Company (DTC);

if and under what circumstances we will pay additional amounts (Additional Amounts) on the debt securities of the series in respect of specified taxes, assessments or other governmental charges and, if so, whether we will have the option to redeem the debt securities of the series rather than pay the Additional Amounts;

the manner in which, or the person to whom, any interest on any bearer debt security of the series will be payable, if other than upon presentation and surrender of the coupons relating to the bearer debt security;

the extent to which, or the manner in which, any interest payable on a temporary global debt security will be paid, if other than in the manner provided in the indenture;

the portion of the principal amount of the debt securities of the series which will be payable upon acceleration if other than the full principal amount;

Table of Contents

the authorized denominations in which the debt securities of the series will be issued, if other than denominations of \$1,000 and any integral multiples of \$1,000, in the case of debt securities in registered form (registered debt securities) or \$5,000, in the case of bearer debt securities;

the terms, if any, upon which debt securities of the series may be convertible into or exchangeable for other securities or property;

if the amount of payments on the debt securities of the series may be determined with reference to an index, formula or other method or methods and the method used to determine those amounts;

if the debt securities of the series will be secured by any collateral and, if so, a general description of the collateral and of some of the terms of any related security, pledge or other agreements;

any listing of the debt securities on any securities exchange; and

any other terms of the debt securities of the series (whether or not such other terms are consistent or inconsistent with any other terms of the indenture).

As used in this prospectus and any prospectus supplement relating to the offering of debt securities of any series, references to the principal of and premium, if any, and interest, if any, on the debt securities of the series include the payment of Additional Amounts, if any, required by the debt securities of the series to be paid in that context.

We may issue debt securities at a discount from, or at a premium to, their stated principal amount. A prospectus supplement may describe U.S. federal income tax considerations and other special considerations applicable to a debt security issued with original issue discount or at a premium.

If the principal of, premium, if any, or interest, if any, with regard to any series of debt securities is payable in a foreign currency, then in the prospectus supplement relating to those debt securities, we will describe any restrictions on currency conversions, tax considerations or other material restrictions with respect to that issue of debt securities.

The terms of the debt securities of any series may differ from the terms of the debt securities of any other series, and the terms of particular debt securities within any series may differ from each other. Unless otherwise expressly provided in the prospectus supplement relating to any series of debt securities, we may, without the consent of the holders of the debt securities of any series, reopen an existing series of debt securities and issue additional debt securities of that series.

Unless otherwise described in a prospectus supplement relating to any series of debt securities and except to the limited extent set forth below under Merger, Consolidation and Transfer of Assets, the indenture does not contain any provisions that would limit our ability or the ability of any of our subsidiaries to incur indebtedness or other liabilities or that would afford holders of debt securities protection in the event of a business combination, takeover, recapitalization or highly leveraged or similar transaction involving us. Accordingly, we and our subsidiaries may in the future enter into transactions that could increase the amount of our consolidated indebtedness and other liabilities or otherwise adversely affect our capital structure or credit rating without the consent of the holders of the debt securities of any series.

Registration, Transfer and Payment

Unless otherwise indicated in the applicable prospectus supplement, each series of debt securities will be issued in registered form only, without coupons. The indenture, however, provides that we may also issue a series of debt securities in bearer form only, or in both registered and bearer form.

Unless otherwise indicated in the applicable prospectus supplement, registered debt securities will be issued in denominations of \$1,000 or any integral multiples of \$1,000, and bearer debt securities will be issued in denominations of \$5,000.

Table of Contents

Unless otherwise indicated in the applicable prospectus supplement, the debt securities will be payable and may be surrendered for registration of transfer or exchange and, if applicable, for conversion into or exchange for other securities or property, at an office or agency maintained by us in the United States. However, we, at our option, may make payments of interest on any registered debt security by check mailed to the address of the person entitled to receive that payment or by wire transfer to an account maintained by the payee with a bank located in the United States. Unless otherwise indicated in the applicable prospectus supplement, no service charge shall be made for any registration of transfer or exchange, redemption or repayment of debt securities, or for any conversion or exchange of debt securities for other securities or property, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with such transaction.

Unless otherwise indicated in the applicable prospectus supplement, payment of principal, premium, if any, and interest, if any, on bearer debt securities will be made, subject to any applicable laws and regulations, at an office or agency outside the United States. Unless otherwise indicated in the applicable prospectus supplement, payment of interest due on bearer debt securities on any interest payment date will be made only against surrender of the coupon relating to that interest payment date. Unless otherwise indicated in the applicable prospectus supplement, no payment of principal, premium, if any, or interest, if any, with respect to any bearer debt security will be made at any office or agency in the United States or by check mailed to any address in the United States or by wire transfer to an account maintained with a bank located in the United States. However, if any bearer debt securities are payable in U.S. dollars, payments on those bearer securities may be made at the corporate trust office of the relevant trustee or at any office or agency designated by us in the United States if, but only if, payment of the full amount due on the bearer debt securities for principal, premium, if any, or interest, if any, at all offices outside of the United States maintained for that purpose by us is illegal or effectively precluded by exchange controls or similar restrictions.

Unless otherwise indicated in the applicable prospectus supplement, we will not be required to:

issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before any selection of debt securities of that series of like tenor and terms to be redeemed and ending at the close of business on the day of that selection;

register the transfer of or exchange any registered debt security, or portion of any registered debt security, selected for redemption, except the unredeemed portion of any registered debt security being redeemed in part;

exchange any bearer debt security selected for redemption, except to exchange a bearer debt security for a registered debt security of that series of like tenor and terms that is simultaneously surrendered for redemption; or

issue, register the transfer of or exchange a debt security that has been surrendered for repayment at the option of the holder, except the portion, if any, of the debt security not to be repaid.

Book-Entry Debt Securities

The securities depository will be The Depository Trust Company, New York, NY, known as DTC, unless otherwise identified in the prospectus supplement relating to the securities. If DTC is the depository for an issuance of securities,

the issuance will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each issue of securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of issue and an additional certificate will be issued with respect to any remaining amount of such issue.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve

Table of Contents

System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered under Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that its direct participants deposit with DTC. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants).

Purchases of the securities under the DTC system must be made by or through direct participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each security, the beneficial owner, is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. A beneficial owner, however, is expected to receive written confirmations providing details of the transaction, as well as periodic statements of its holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the securities, except if the use of the book-entry system for the securities is discontinued. The deposit of global securities with DTC and their registration in the name of Cede & Co., or such other nominee, as the case may be, do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities; DTC's records reflect only the identity of the direct participants to whose accounts global securities are credited, which may or may not be the beneficial owners. The direct participants and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

To the extent any issuance of securities is redeemable, we will send redemption notices to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed. The applicable prospectus supplement for an issuance of securities will indicate whether such issue is redeemable.

None of DTC, Cede & Co., or any other DTC nominee will consent or vote with respect to the securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the record date (identified in a listing attached to the omnibus proxy).

A beneficial owner must give any required notice of its election to have its securities repurchased through the participant through which it holds its beneficial interest in the security to the applicable trustee or tender agent. The beneficial owner shall effect delivery of its securities by causing the direct participant to transfer its interest in the securities on DTC's records. The requirement for physical delivery of securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the securities are transferred by the direct participant on DTC's records and followed by a book-entry credit of tendered securities to the applicable trustee or agent's DTC account.

Redemption proceeds, distributions, and dividend payments on the global securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detail information from the

Table of Contents

issuer or agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as in the case of securities held for the accounts of customers in bearer form or registered in street name. These payments will be the responsibility of such participant and not DTC, Annaly or any agent thereof, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) will be the responsibility of Annaly or its respective agent. Disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to beneficial owners will be the responsibility of direct participants and indirect participants. None of Annaly, any trustee or agent, or the registrar for the securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the global security or global securities for any series of securities or for maintaining, supervising or reviewing any records relating to such beneficial interests.

DTC may discontinue providing its services as depositary with respect to any securities at any time by giving reasonable notice to the issuer or its agent. Under such circumstances, in the event that a successor depositary is not obtained, security certificates will be printed and delivered to DTC. In addition, an issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, security certificates are required to be printed and delivered.

If so stated in the relevant prospectus supplement, beneficial owners may elect to hold interests in the securities through either Clearstream Banking S.A., known as Clearstream, Luxembourg, or through Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Euroclear (in Europe), either directly if they are participants of such systems or indirectly through organizations that are participants in such systems. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the U.S. depositaries' names on the books of DTC.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders (each such account holder, a participant and collectively, the participants). Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear is incorporated under the laws of Belgium, and Clearstream, Luxembourg is incorporated under the laws of Luxembourg.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies, and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a participant of either system. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855, Luxembourg.

If DTC is the depositary for a global security, Euroclear and Clearstream, Luxembourg may hold interests in the global security as participants in DTC.

The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the securities represented by a global security to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who

Table of Contents

in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in securities represented by a global security to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

Neither we nor the principal paying agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, securities by DTC, Clearstream, Luxembourg, or Euroclear, or for maintaining, supervising or reviewing any records of those organizations relating to the securities.

Redemption and Repurchase

The debt securities of any series may be redeemable at our option or may be subject to mandatory redemption by us as required by a sinking fund or otherwise. In addition, the debt securities of any series may be subject to repurchase or repayment by us at the option of the holders. The applicable prospectus supplement will describe the terms, the times and the prices regarding any optional or mandatory redemption by us or any repurchase or repayment at the option of the holders of any series of debt securities, if any.

Conversion and Exchange

The terms, if any, on which debt securities of any series are convertible into or exchangeable for our common shares or any other securities or property will be set forth in the applicable prospectus supplement. Such terms may include provisions for conversion or exchange, either mandatory, at the option of the holders or at our option. Unless otherwise expressly stated in the applicable prospectus supplement or the context otherwise requires, references in this prospectus and any prospectus supplement to the conversion or exchange of debt securities of any series for other securities or property shall be deemed not to refer to or include any exchange of any debt securities of a series for other debt securities of the same series.

Secured Debt Securities

The debt securities of any series may be secured by collateral. The applicable prospectus supplement will describe any such collateral and the terms of such secured debt securities.

Merger, Consolidation and Transfer of Assets

The indenture provides that we will not, in any transaction or series of related transactions, consolidate with, or sell, lease or convey all or substantially all of our property and assets to, or merge with or into, any person unless:

either (1) we shall be the continuing person (in the case of a merger) or (2) the successor person (if other than us) formed by or resulting from the consolidation or merger, or which shall have received the transfer of assets, shall be an entity organized and existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest, if any, on all the debt securities outstanding under the indenture and the due and punctual performance and observance of all covenants and conditions in such outstanding debt securities and the indenture to be performed or satisfied by us (including, without limitation, the obligation to convert or exchange any debt securities that are convertible into or exchangeable for other securities or property in accordance with the provisions of such debt securities and the indenture) by a supplemental indenture

reasonably satisfactory in form to the trustee;

immediately after giving effect to the transaction described above, no Event of Default under the indenture, and no event which, after notice or lapse of time or both would become an Event of Default under the indenture, shall have occurred and be continuing; and

Table of Contents

the trustee shall have received the officers' certificate and opinion of counsel called for by the indenture. In the case of any such consolidation, sale, lease, conveyance or merger in which we are not the continuing entity and upon execution and delivery by the successor person of the supplemental indenture described above, such successor person shall succeed to, and be substituted for, us and may exercise every right and power of ours under the indenture with the same effect as if such successor person had been named as us therein, and we shall be automatically released and discharged from all obligations and covenants under the indenture and the debt securities issued under that indenture.

Events of Default

Unless otherwise specified in the applicable prospectus supplement, an Event of Default with respect to the debt securities of any series is defined in the indenture as being:

- (1) default in payment of any interest, if any, on, or any Additional Amounts, if any, payable in respect of any interest, if any, on, any of the debt securities of that series when due, and continuance of such default for a period of 30 days;
- (2) default in payment of any principal of or premium, if any, on, or any Additional Amounts, if any, payable in respect of any principal of or premium, if any, on, any of the debt securities of that series when due (whether at maturity, upon redemption, upon repayment or repurchase at the option of the holder or otherwise and whether payable in cash, our common shares or other securities or property);
- (3) default in the deposit of any sinking fund payment or payment under any analogous provision when due with respect to any of the debt securities of that series;
- (4) default in the delivery when due of any securities, cash or other property (including, without limitation, any of our common shares) when required to be delivered upon conversion of any convertible debt security of that series or upon the exchange of any debt security of that series which is exchangeable for our common shares or other securities or property (other than an exchange of debt securities of that series for other debt securities of the same series);
- (5) default in the performance, or breach, of any other covenant or warranty applicable to us in the indenture or in any debt security of that series other than a covenant or warranty included in the indenture solely for the benefit of a series of debt securities other than that series, and continuance of that default or breach (without that default or breach having been cured or waived in accordance with the indenture) for a period of 90 days after notice to us by the trustee or the holders of not less than 25% in aggregate principal amount of the debt securities of that series then outstanding;
- (6) default after the expiration of any applicable grace period in the payment of principal when due, or resulting in acceleration of, other indebtedness (other than Non-recourse Debt, as defined below) of us or any Significant Subsidiary of ours for borrowed money where the aggregate principal amount with respect to

which the default or acceleration has occurred exceeds \$100 million and such indebtedness has not been discharged, or such default in payment or acceleration has not been cured or rescinded, prior to written notice of acceleration of the debt securities of that series;

- (7) failure by us or any of our Subsidiaries to pay final judgments or decrees entered by a court or courts of competent jurisdiction aggregating in excess of \$100 million, which judgments are not paid, discharged or stayed for a period of 30 calendar days after such judgments become final and non-appealable;
- (8) specified events of bankruptcy, insolvency or reorganization with respect to us or any Significant Subsidiary of ours; or
- (9) any other Event of Default established for the debt securities of that series.

No Event of Default with respect to any particular series of debt securities necessarily constitutes an Event of Default with respect to any other series of debt securities. The indenture provides that, within 90 days after the

Table of Contents

occurrence of any default with respect to the debt securities of any series, the trustee will mail to all holders of the debt securities of that series notice of that default if known to the trustee, unless that default has been cured or waived. However, the indenture provides that the trustee may withhold notice of a default with respect to the debt securities of that series, except a default in payment of principal, premium, if any, interest, if any, Additional Amounts, if any, or sinking fund payments, if any, if the trustee considers it in the best interests of the holders to do so. As used in this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to the debt securities of any series.

The indenture provides that if an Event of Default (other than an Event of Default specified in clause (8) of the second preceding paragraph with respect to us) occurs and is continuing with respect to any series of debt securities, either the trustee or the holders of at least 25% in principal amount of the debt securities of that series then outstanding may declare the principal of, or if debt securities of that series are original issue discount securities, such lesser amount as may be specified in the terms of that series of debt securities, and accrued and unpaid interest, if any, on all the debt securities of that series to be due and payable immediately. The indenture also provides that if an Event of Default specified in clause (8) of the second preceding paragraph with respect to us occurs with respect to any series of debt securities, then the principal of, or if debt securities of that series are original issue discount securities, such lesser amount as may be specified in the terms of that series of debt securities, and accrued and unpaid interest, if any, on all the debt securities of that series will automatically become and be immediately due and payable without any declaration or other action on the part of the trustee or any holder of the debt securities of that series. However, upon specified conditions, the holders of a majority in principal amount of the debt securities of a series then outstanding may rescind and annul an acceleration of the debt securities of that series and its consequences. For purposes of clarity, references to an Event of Default specified in clause (8) of the second preceding paragraph with respect to us shall not include any Event of Default specified in clause (8) of the second preceding paragraph with respect to any Significant Subsidiary of ours.

Subject to the provisions of the Trust Indenture Act of 1939 requiring the trustee, during the continuance of an Event of Default under the indenture, to act with the requisite standard of care, the trustee is under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders of debt securities of any series unless those holders have offered the trustee indemnity reasonably satisfactory to the trustee against the costs, fees and expenses and liabilities that might be incurred in compliance with such request or direction. Subject to the foregoing, holders of a majority in principal amount of the outstanding debt securities of any series issued under the indenture have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee under the indenture with respect to that series. The indenture requires the annual filing by us with the trustee of a certificate that states whether or not we are in default under the terms of the indenture.

No holder of any debt securities of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to the indenture, or for the appointment of a receiver or trustee, or for any other remedy under the indenture, unless:

such holder has previously given written notice to the trustee of a continuing Event of Default with respect to the debt securities of such series;

the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of such series shall have made written request to the trustee to institute proceedings in respect of such Event of Default in its own name as trustee under the indenture;

such holder or holders have offered to the trustee indemnity reasonably satisfactory to the trustee against the costs, fees and expenses and liabilities which might be incurred in compliance with such request;

the trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

Table of Contents

no direction inconsistent with such written request has been given to the trustee during such 60 day period by the holders of a majority in principal amount of the outstanding debt securities of such series.

Notwithstanding any other provision of the indenture, the holder of a debt security will have the right, which is absolute and unconditional, to receive payment of the principal of and premium, if any, and interest, if any, on that debt security on the respective due dates for those payments and, in the case of any debt security that is convertible into or exchangeable for other securities or property, to convert or exchange, as the case may be, that debt security in accordance with its terms, and to institute suit for the enforcement of those payments and any right to effect such conversion or exchange, and this right shall not be impaired without the consent of the holder.

Modification, Waivers and Meetings

The indenture permits us and the trustee, with the consent of the holders of a majority in principal amount of the outstanding debt securities of each series issued under the indenture and affected by a modification or amendment, to modify or amend any of the provisions of the indenture or of the debt securities of the applicable series or the rights of the holders of the debt securities of that series under the indenture. However, the consent of the holder of each debt security affected will be required for any modification or amendment that, among other things:

changes the stated maturity of the principal of, or premium, if any, or any installment of interest, if any, on or any Additional Amounts, if any, with respect to any debt securities issued under the indenture;

reduces the principal of or any premium on any debt securities, reduces the rate of interest on any debt securities or reduces the price payable upon the redemption of any debt securities, whether such redemption is mandatory or at our option, or upon the repurchase of any debt securities at the option of the holder, or reduces any Additional Amounts with respect to any debt securities, or change our obligation to pay Additional Amounts;

reduces the amount of principal of any original issue discount securities that would be due and payable upon an acceleration of the maturity thereof;

adversely affects any right of repayment or repurchase of any debt securities at the option of any holder;

changes any place where, or the currency in which, debt securities are payable;

impairs the holder's right to institute suit to enforce the payment of any debt securities on or after their stated maturity or, in the case of any debt securities that are convertible into or exchangeable for other securities or property, to institute suit to enforce the right to convert or exchange such debt securities in accordance with their terms;

makes any change that adversely affects the right, if any, to convert or exchange any debt securities for other securities or property;

reduces the percentage of debt securities of any series issued under the indenture whose holders must consent to any modification or amendment or any waiver of compliance with specific provisions of such indenture or specified defaults under the indenture and their consequences; or

reduces the requirements for a quorum or voting at a meeting of holders of the applicable debt securities. The indenture also contains provisions permitting us and the trustee, without the consent of the holders of any debt securities issued under the indenture, to modify or amend the indenture, among other things:

to evidence the succession of another person to us and the assumption by that successor of our covenants contained in the indenture and in the debt securities;

Table of Contents

to add to our covenants for the benefit of the holders of all or any series of debt securities issued under the indenture or to surrender any right or power conferred upon us with respect to all or any series of debt securities issued under the indenture;

to add to or change any provisions of the indenture to facilitate the issuance of bearer securities;

to establish the form or terms of debt securities of any series and any related coupons, including, without limitation, conversion and exchange provisions applicable to debt securities which are convertible into or exchangeable for other securities or property, and to establish any provisions with respect to any security or other collateral for such debt securities, and to make any deletions from or additions or changes to the indenture in connection with any of the matters referred to in this bullet point so long as those deletions, additions and changes are not applicable to any other series of debt securities then outstanding;

to evidence and provide for the acceptance of the appointment of a successor trustee in respect of the debt securities of one or more series;

to cure any ambiguity or correct or supplement any provision in such indenture which may be defective or inconsistent with other provisions in the indenture, or to make any other provisions with respect to matters or questions arising under the indenture which shall not adversely affect the interests of the holders of the debt securities of any series then outstanding in any material respect;

to add any additional Events of Default with respect to all or any series of debt securities;

to supplement any of the provisions of the indenture to permit or facilitate defeasance, covenant defeasance and/or satisfaction and discharge of any series of debt securities, provided that such action shall not adversely affect the interests of any holder of a debt security of such series or any other debt security in any material respect;

to secure or, if applicable, to provide additional security for all or any debt securities issued under the indenture and to provide for any and all matters relating thereto, and to provide for the release of any collateral as security for all or any debt securities in accordance with the terms of the indenture;

to add to or change or eliminate any provision of the indenture as is necessary or desirable in accordance with any amendment to the Trust Indenture Act;

to make any change to the indenture, or any supplemental indenture, or any debt securities to conform the terms thereof to any provision of the description of a series of any debt securities in any prospectus (including this prospectus), prospectus supplement, offering memorandum or similar offering document used in connection with the initial offering or sale of any debt securities to the extent that such provision in such

description was intended to be a substantially verbatim recitation of a provision of the indenture or debt securities;

in the case of any series of debt securities which are convertible into or exchangeable for our common shares or other securities or property, to provide for the conversion or exchange rights of those debt securities in the event of any reclassification or change of our common shares or any of our other securities into which such debt securities are convertible or for which such debt securities are exchangeable or any similar transaction if expressly required by the terms of that series of debt securities; or

to amend or supplement any provision contained in the indenture or in any debt securities, provided that such amendment or supplement does not apply to any outstanding debt securities issued prior to the date of such supplemental indenture and entitled to the benefits of such provisions.

The holders of a majority in aggregate principal amount of the outstanding debt securities of any series may waive our compliance with the provisions described above under Merger, Consolidation and Transfer of Assets and certain other provisions of the indenture and, if specified in the prospectus supplement relating to

Table of Contents

such series of debt securities, any additional covenants applicable to the debt securities of such series. The holders of a majority in aggregate principal amount of the outstanding debt securities of any series may, on behalf of all holders of debt securities of that series, waive any past default under the indenture with respect to debt securities of that series and its consequences, except a default in the payment of the principal of, or premium, if any, or interest, if any, on debt securities of that series or, in the case of any debt securities which are convertible into or exchangeable for other securities or property, a default in any such conversion or exchange, or a default in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding debt security of the affected series.

The indenture contains provisions for convening meetings of the holders of a series of debt securities if (and only if) debt securities of such series are issued or issuable, in whole or in part, in the form of bearer debt securities. A meeting may be called at any time by the trustee, and also upon our request or the request of holders of at least 33 1/3% in principal amount of the outstanding debt securities of a series. Notice of a meeting must be given in accordance with the provisions of the indenture. Except for any consent that must be given by the holder of each outstanding debt security affected in the manner described above, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum, as described below, is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding debt securities of that series. However, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action for which the indenture provides may be made, given or taken by the holders of a specified percentage, which is less or more than a majority, in principal amount of the outstanding debt securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of that specified percentage in principal amount of the outstanding debt securities of that series. Any resolution passed or decision taken at a