

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name Annaly Capital Management Inc		2 Issuer's employer identification number (EIN) 22-3479661	
3 Name of contact for additional information Investor Inquiries	4 Telephone No. of contact 1-888-826-6259	5 Email address of contact investor @annaly.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1211 Avenue of the Americas, Suite 4100		7 City, town, or post office, state, and Zip code of contact New York, NY 10036	
8 Date of action 12/31/2015		9 Classification and description Return of Capital - nontaxable dividend	
10 CUSIP number 035710409	11 Serial number(s) N/A	12 Ticker symbol NLY	13 Account number(s) N/A

Part II Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **During the year ended December 31, 2015, the issuer distributed amounts to its shareholders, a portion of which constituted a non-taxable return of capital. The return of capital on a per share basis is as follows:**

Record Date	Distribution Date	Amount per Share
March 31, 2015	April 30, 2015	\$0.145664
June 30, 2015	July 31, 2015	\$0.145664
September 30, 2015	October 30, 2015	\$0.145664

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► **A portion of the distribution made by Annaly Capital Management Inc. in 2015 attributable to the 2015 tax year is not taxable as a dividend under Section 301(c)(1), but is applied against basis under Section 301(c)(2). The return of capital on a per share basis is listed in the table above.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► **Annaly Capital Management Inc. calculated Earnings and Profits in accordance with IRC Section 312, as modified by IRC Section 857(d) for a Real Estate Investment Trust and the regulations thereunder. The amount of distributions in excess of Earnings and Profits reduces shareholders' basis in its shares of stock to the extent of basis.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► **Sections 301, 312 and 316.**

18 Can any resulting loss be recognized? ► **No loss can be recognized by the common shareholders as a result of the return of capital. Upon sale by the common shareholder, a per share loss would be recognized to the extent the sale price falls below the diminished basis.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **The reporting tax year is the year ended December 31, 2015.**

Please note: Information for shareholders is published on the company website under investor relations and distributed via the transfer agent. All shareholders were informed on a timely basis of the return of capital.

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►

Date ►

2/24/16

Print your name ► **Glenn Votek**

Title ► **Chief Financial Officer**

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.