ANNALY CAPITAL MANAGEMENT INC
Form 424B5
September 13, 2018
Table of Contents

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Common Stock, $0.01 par value per share	$877,162,500	$109,207

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the registrant s Registration Statement on Form S-3 (File No. 333-209447) in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended.

Table of Contents

PROSPECTUS SUPPLEMENT

(To Prospectus Dated February 9, 2016)

75,000,000 Shares

Annaly Capital Management, Inc.

Common Stock

We are offering for sale 75,000,000 shares of our common stock, par value $0.01 per share, or our common stock. Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol NLY. The last reported sale price of our common stock on the NYSE on September 11, 2018 was $10.48 per share.

There are restrictions on transfer and ownership of our common stock intended to, among other purposes, preserve our qualification as a real estate investment trust, or REIT. See Restrictions on Ownership and Transfer in the accompanying prospectus.

Investing in our common stock involves risks. You should carefully consider the risks described under the caption Risk Factors beginning on page S-5 of this prospectus supplement and included in our Annual Report on Form 10-K for the year ended December 31, 2017 and as updated by our subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference into this prospectus supplement.

We are selling to the underwriters the shares of common stock at a price of $10.05 per share, resulting in aggregate net proceeds to us of approximately $753.8 million before expenses. The underwriters propose to offer the shares of common stock for sale from time to time in one or more transactions (which may include block transactions), in negotiated transactions or otherwise, or a combination of those methods of sale at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, subject to receipt and acceptance by the underwriters and subject to the underwriters right to reject any order in whole or in part. Delivery of the shares of common stock is expected to be made on or about September 14, 2018.

We have granted the underwriters the option to purchase a maximum of 11,250,000 additional shares of common stock on the same terms and conditions set forth above within 30 days of the date of this prospectus supplement.

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.

Joint Book-Running Managers

Credit Suisse **Goldman Sachs & Co. LLC** **Wells Fargo Securities**

BofA Merrill Lynch
Barclays
Citigroup
J.P. Morgan
Morgan Stanley
RBC Capital Markets
UBS Investment Bank

Co-Managers

Keefe, Bruyette & Woods
A Stifel Company

Sandler O Neill + Partners, L.P.

The date of this prospectus supplement is September 11, 2018

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

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 common 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.

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 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 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.

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.

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 simi or variations on those terms or the negative of those terms. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to:

- changes in interest rates;
- changes in the yield curve;
- changes in prepayment rates;
- the availability of mortgage-backed securities, or MBS, and other securities for purchase;
- the availability of financing and, if available, the terms of any financing;
- changes in the market value of our assets;
- changes in business conditions and the general economy;
- our ability to grow our commercial real estate business;
- our ability to grow our residential mortgage credit business;
- our ability to grow our middle market lending business;
- credit risks related to our investments in credit risk transfer securities, residential MBS and related residential mortgage credit assets, commercial real estate assets and corporate debt;
- risks related to our investments in mortgage servicing rights;

- 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

- any potential business disruption following the acquisition of MTGE Investment Corp. (MTGE), which we completed on September 7, 2018.

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 our 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.

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 common 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, our most recent Annual Report on Form 10-K 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. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriters option to purchase additional shares is not exercised.

Overview

Our Company

We are a leading diversified capital manager that invests in and finances residential and commercial assets. Our principal business objective is to generate net income for distribution to our stockholders and to preserve capital through prudent selection of investments, and continuous management of our portfolio. 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. We are 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 MBS issued or guaranteed by a federally chartered corporation, or Agency, 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, or Agency MBS, and residential credit assets, commercial real estate, residential mortgage loans, mortgage servicing rights and corporate debt. 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 common stock is listed on the NYSE under the symbol NLY.

Recent Developments

Acquisition of MTGE Investment Corp.

On September 7, 2018, we completed our acquisition of MTGE for aggregate consideration to MTGE common stockholders of approximately $900 million. We expect that approximately 50% of such

Table of Contents

consideration will be paid in shares of our common stock (or approximately 43.6 million shares) and 50% in cash (or approximately $450 million in cash). In addition, in accordance with the terms of the acquisition, on September 10, 2018, we paid a short period common stock cash dividend of $0.22174 per common share. Investors purchasing shares of our common stock pursuant to this offering will not be entitled to this short period dividend of $0.22174 per common share.

Remaining Third Quarter 2018 Common Stock Cash Dividend

As a result of the short period dividend paid on September 10, 2018 of $0.22 per common share, on September 11, 2018, we declared a remaining third quarter 2018 cash dividend of $0.07826 per common share. This dividend is for the period from September 7, 2018 through September 30, 2018. This dividend is payable October 31, 2018, to common shareholders of record on September 28, 2018. Investors purchasing shares of our common stock pursuant to this offering who hold such shares through the record date will be entitled to this remaining third quarter 2018 dividend of $0.07826 per common share.

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 our common stock, see Description of Equity Securities in the accompanying prospectus.

Issuer	Annaly Capital Management, Inc., a Maryland corporation
Common stock offered	75,000,000 shares of common stock, par value $0.01 per share (plus up to an additional 11,250,000 shares of common stock that we will issue and sell in the event the underwriters exercise their option to purchase additional shares)
Common stock outstanding immediately prior to this offering(1)(2)	1,216,789,789 shares
Common stock outstanding upon completion of this offering(1)(2)	1,291,789,789 shares (1,303,039,789 shares if the underwriters exercise their option to purchase additional shares in full)
Restrictions on ownership and transfer	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 our 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 of our capital stock in excess of 9.8% in value or number of our outstanding shares of such class of capital stock. In addition, our charter, subject to exceptions, prohibits, among other things, any person from beneficially owning our shares of capital stock to the extent that such ownership of shares would result in us failing to qualify as a REIT. For more information about these restrictions, see Restrictions on Ownership and Transfer in the accompanying prospectus.
Use of proceeds	We intend to use the 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 debt, Agency MBS pools, to-be-announced forward contracts, adjustable rate mortgages, mortgage servicing rights, and commercial real estate loans, equity and securities. We also intend to use the net proceeds of this offering for general corporate purposes, including, without

[1] Excludes shares of common stock issuable upon vesting of deferred stock units awards under our equity incentive plan and issuable upon exercise of stock options.

[2] Includes 33,003,391 shares of common stock that we issued on September 7, 2018 in connection with the completion of our acquisition of MTGE. Excludes up to 10,629,633 shares of common stock that we have reserved for issuance as consideration to MTGE common stockholders in connection with the completion of our acquisition of MTGE.

Table of Contents

	limitation, to pay down obligations and other working capital items. See Use of Proceeds in this prospectus supplement.
Distribution policy	We intend to continue to pay quarterly dividends and to make distributions to our stockholders in amounts such that all or substantially all of our taxable income in each year (subject to certain adjustments) is distributed.
	In accordance with the terms of our acquisition of MTGE, on September 10, 2018, we paid a short period common stock cash dividend of $0.22174 per common share. Investors purchasing shares of our common stock pursuant to this offering will not be entitled to this short period dividend of $0.22174 per common share. As a result of the short period dividend paid on September 10, 2018, on September 11, 2018, we declared a remaining third quarter 2018 cash dividend of $0.07826 per common share. This remaining third quarter 2018 dividend is for the period from September 7, 2018 through September 30, 2018. This dividend is payable October 31, 2018, to common shareholders of record on September 28, 2018. Investors purchasing shares of our common stock pursuant to this offering who hold such shares through the record date will be entitled to this remaining third quarter 2018 dividend of $0.07826 per common share.
Material 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 our common stock, see 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 our common stock involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement and included in our Annual Report on Form 10-K for the year ended December 31, 2017 and as updated by our subsequent Quarterly Reports on Form 10-Q.

Table of Contents

RISK FACTORS

Investing in our common 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, our 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 our common stock. The risks described could affect our business, financial condition, liquidity, results of operations, prospects, and the market value of our common 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 our common stock.

The market price of our common 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 common stock could be similarly volatile. The market price of our common 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 our common stock;
- trading prices of securities issued by REITs and other similar companies;
- 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;
- our issuance of additional shares of our common stock or securities convertible into, or exchangeable or exercisable for, shares of our common stock; 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 shares of our common stock in this offering may experience a decrease, which could be substantial and rapid, in the market price of our common stock, including decreases unrelated to our operating performance or prospects.

We may fail to realize all of the expected benefits of our acquisition of MTGE (the MTGE Acquisition) or those benefits may take longer to realize than expected.

The full benefits of the MTGE Acquisition may not be realized as expected or may not be achieved within the anticipated time-frame, or at all. Failure to achieve the anticipated benefits of the MTGE Acquisition could adversely affect our results of operations or cash flows, cause dilution to our earnings per share or book value per share, decrease or delay the expected accretive effect of the MTGE Acquisition, and negatively impact the market price of our common stock.

In addition, we are devoting significant attention and resources to successfully integrating the MTGE portfolio and operating businesses into the existing Annaly structure. In particular, prior to the acquisition, we had limited experience operating MTGE s healthcare and senior living facilities portfolio. This business presents additional regulatory constraints and risks, some of which differ from those that we have successfully managed in the past. This integration process, coupled with managing a new business line, may disrupt our businesses and, if ineffective, would limit the anticipated benefits of the MTGE Acquisition and could adversely affect our results of operations or cash flows, cause dilution to our earnings per share or book value per share, decrease or delay the expected accretive effect of the MTGE Acquisition, and negatively impact the market price of our common stock.

We have incurred, and will continue to incur, direct and indirect costs as a result of the MTGE Acquisition.

We incurred substantial expenses in connection with the closing of the MTGE Acquisition, and we expect to incur additional expenses in connection with combining the businesses, operations, policies and procedures of Annaly and MTGE. Factors beyond our control could affect the total amount or timing of these expenses, many of which, by their nature, are difficult to estimate accurately.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds of this offering to us will be approximately $753.8 million (or approximately $866.8 million if the underwriters exercise their option to purchase additional shares in full) before estimated offering expenses payable by us.

We intend to use the 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 debt, Agency MBS pools, to-be-announced forward contracts, adjustable rate mortgages, mortgage servicing rights and commercial real estate loans, equity and securities. 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 MBS, 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

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 as supplemented by Exhibit 99.1 to our Annual Report on Form 10-K for the year ended December 31, 2017. 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.

This discussion does not purport to be a complete analysis of all the potential tax considerations relating to the acquisition, ownership and disposition of our common stock. 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.

You are encouraged to consult your tax advisor before you purchase the common 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 common stock that may be applicable to you in light of your particular circumstances.

Taxation of Our Company

In the opinion of Hunton Andrews Kurth LLP, we qualified to be taxed as a REIT under the U.S. federal income tax laws for our taxable years ended December 31, 2014 through December 31, 2017, 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, 2018 and thereafter. Investors should be aware that Hunton Andrews Kurth 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 Andrews Kurth 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 Andrews Kurth 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 Andrews Kurth 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.

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 Credit Suisse Securities (USA) LLC is acting as representative, has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares of our common stock set forth opposite that underwriter s name.

Underwriters	Number of Shares
Credit Suisse Securities (USA) LLC	15,000,000
Goldman Sachs & Co. LLC	7,500,000
Wells Fargo Securities, LLC	7,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	5,625,000
Barclays Capital Inc.	5,625,000
Citigroup Global Markets Inc.	5,625,000
J.P. Morgan Securities LLC	5,625,000
Morgan Stanley & Co. LLC	5,625,000
RBC Capital Markets, LLC	5,625,000
UBS Securities LLC	5,625,000
Keefe, Bruyette & Woods, Inc.	2,812,500
Sandler O Neill & Partners, L.P.	2,812,500
Total	75,000,000

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 option to purchase additional shares described below) if they purchase any of the shares.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 11,250,000 additional shares at the same price per share set forth on the cover of this prospectus supplement. 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.

The underwriters are purchasing the shares of common stock at a price of $10.05 per share, resulting in aggregate net proceeds to us of approximately $753.8 million before expenses, or approximately $866.8 million if the underwriters option to purchase additional shares is exercised in full. The underwriters propose to offer the shares of common stock for sale from time to time in one or more transactions (which may include block transactions), in negotiated transactions or otherwise, or a combination of those methods of sale, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to receipt and acceptance by the underwriters and subject to the underwriters right to reject any order in whole or in part. In connection with the sale of the shares of common stock offered hereby, the underwriters may be deemed to have received compensation in the form of underwriting discounts. The underwriters may do so by selling the shares to or through broker/dealers, who may receive compensation in the form of underwriting discounts, concessions or commissions from the underwriters and/or the purchasers of the shares for whom they may act as agents or to whom they may sell as principal.

Pursuant to certain Lock-Up agreements, we and our executive officers and directors have agreed, subject to certain exceptions, not to sell, offer, contract to sell, pledge, register, grant any option to purchase or otherwise dispose of, directly or indirectly, any shares of capital stock, or any securities convertible into, or exercisable, exchangeable or redeemable for shares of capital stock without the prior written consent of the representative for a period of 30 days after the date of this prospectus supplement, subject to certain exceptions, including sales made pursuant to our separate Distribution Agency Agreements, each dated January 3, 2018.

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

The common stock is listed on the NYSE under the symbol NLY.

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 option to purchase additional shares, 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 option to purchase additional shares.

Naked short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters option to purchase additional shares.

Covering transactions involve purchases of shares either pursuant to the option to purchase additional shares 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 option to purchase additional shares. 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 option to purchase additional shares.

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.

In connection with the offering, the underwriters may distribute prospectuses by electronic means, such as e-mail.

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. In addition, in the ordinary course of its business activities, each underwriter and its affiliates may make or hold a broad array of investments and actively traded debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account

Table of Contents

and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Each underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, 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.

Table of Contents

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Hunton Andrews Kurth LLP and, with respect to certain matters of Maryland law, Venable LLP. Certain legal matters will be passed upon for the underwriters by Ropes & Gray LLP.

EXPERTS

The consolidated financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2017, and the effectiveness of our internal control over financial reporting as of December 31, 2017, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in the 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 the SEC, given on the authority of such firm as experts in accounting and auditing.

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 year ended December 31, 2017, filed with the SEC on February 16, 2018;

Our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018, filed with the SEC on May 3, 2018;

Our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018, filed with the SEC on August 3, 2018;

The information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2017 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 10, 2018;

Our Current Reports on Form 8-K filed with the SEC on January 3, 2018, January 9, 2018, January 12, 2018, May 2, 2018, May 3, 2018, May 23, 2018 and September 7, 2018; and

The description of our common stock, par value $0.01 per share, included in our Registration Statement on Form 8-A, filed with the SEC 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.

You may obtain copies of these documents at no cost by writing or telephoning us at the following address:

Investor Relations

Annaly Capital Management, Inc.

1211 Avenue of the Americas, New York, New York 10036

(212) 696-0100

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.