CODE OF BUSINESS CONDUCT AND ETHICS

Annaly Capital Management, Inc. (the "Company"), strives to conduct its business in accordance with the highest ethical standards and in compliance with all applicable governmental laws, rules and regulations. The Company believes that is imperative that its officers, directors and employees act at all times in an honest and ethical manner in connection with their service to the Company. The principles of integrity and accountability are the cornerstone of our success.

This Code of Business Conduct and Ethics sets basic principles to guide all employees, officers, and directors of the Company. All of the Company's personnel and directors should conduct themselves accordingly to avoid in fact and the appearance of improper behavior.

The following information constitutes the Company's corporate Code of Conduct, which applies to all the Company's officers, directors and employees. This Code of Conduct is intended to meet the requirements for a code of ethics under the Sarbanes-Oxley Act of 2002 and the listing standards of the New York Stock Exchange ("NYSE"), and is specifically applicable to the Company's principal executive officer, principal financial and accounting officer and controller or persons performing similar functions. Any waiver of this Code of Conduct for any of the Company's executive officers or directors may be made only by the Board of Directors and must be promptly disclosed to stockholders, as required by applicable law.

1. Compliance with Applicable Laws

The Company is committed to conducting its business in strict compliance with all applicable governmental laws, rules and regulations, including but not limited to laws, rules and regulations related to securities, labor, employment and workplace safety matters. All officers, directors and employees are expected at all times to conduct their activities on behalf of the Company in accordance with this principle. Any violation of applicable laws, rules or regulations by the Company's employee, officer or director should be reported immediately to an officer of the Company. Employees, officers and directors should seek guidance whenever they are in doubt as to the applicability of any law, rule or regulation or regarding any contemplated course of action.

Employees, officers and directors should also review the section entitled "Compliance with Federal Securities Laws, Rules and Regulations."

2. Conflicts of Interest

All employees, officers and directors of the Company should be scrupulous in avoiding a conflict of interest with regard to the Company's interests. A "conflict of interest" occurs when an individual's private interest interferes – or even appears to interfere – in any way with the interests of the Company as a whole. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper benefits as a result of his or her position in the Company, whether received from the Company or a third party.

Conflicts of interest may not always be evident, and employees, officers and directors should consult with higher levels of management or the Company's legal counsel if they are uncertain about any situation.

Employees, officers or directors may not enter into a business relationship on the Company's behalf with an immediate family member or with a company that the employee or immediate family member has a substantial financial interest unless such relationship is disclosed to and approved in advance by the Company's Board of Directors. Immediate family member includes the employee's spouses or domestic partner's grandparents, parents, siblings, children, grandchildren, aunts, uncles, nephews and nieces.

3. Corporate Opportunities

Management's duties on behalf of Fixed Income Discount Advisory Company's clients may create conflicts of interest if members of management are presented with corporate opportunities that may benefit both us and clients for which FIDAC acts as investment advisor. In the event that an investment opportunity arises, the investment will be allocated to another entity or us by determining the entity or account for which the investment is most suitable. In making this determination, our management will consider the investment strategy and guidelines of each entity or account with respect to acquisition of assets, leverage, liquidity and other factors which management determines appropriate.

Employees, officers and directors are prohibited from (a) taking for their personal benefit opportunities that are discovered through the use of Company property, information or position; (b) using Company property, information, or position for personal gain; and (c) competing with the Company. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

4. Confidentiality

Employees, officers and directors must maintain the confidentiality of non-public information, except when disclosure is authorized or legally mandated. Whenever possible, directors, officers and employees should consult with the Company's legal counsel if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors, or advantageous or harmful to the Company, if disclosed. The obligation to preserve confidential information continues even after employment ends.

5. Fair Dealing

Each employee, officer and director should deal fairly with all counter-parties, vendors, competitors, and other employees at all times. It is the obligation of the employee, officer, and director to conduct business in a manner that avoids even the appearance of ethical or legal impropriety and is consistent with all applicable laws and regulations.

6. Business Gifts and Entertainment

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage. No gift or entertainment should ever be offered, given, provided or accepted by any employee, officer or director or any of their family members, unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe, payoff or kickback, and (5) does not violate any laws or regulations.

7. Protection and Proper Use of Company Assets

All employees, officers and directors should protect the Company's assets and ensures their efficient use. Company assets should be used only for legitimate business purposes. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation.

The obligation of employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents. Trademarks and copyrights, as well as business, marketing and service plans, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

8. Compliance with Federal Securities Laws, Rules and Regulations

The Company's policy is to comply with all applicable laws, rules and regulations, including those related to securities, employment, labor practices and work place safety.

All employees, officers and directors should pay particular attention to potential violations of insider trading laws. The Company has adopted an Insider Trading Policy that all employees, officers and directors are required to follow.

As a public reporting company, with our stock trading on the NYSE, we are subject to regulation by the SEC and the NYSE, and compliance with Federal securities laws and regulations, as well as state and local laws, and the Company insists on strict compliance with the spirit and the letter of these laws and regulations.

Executive officers, directors and other key employees who are subject to the SEC filing requirements for reporting transactions in the Company's stock, must strictly comply with the timing requirements and notify the Chief Financial Officer of all transactions dealing with the Company's common stock.

9. Reporting Illegal or Unethical Behavior

The Company encourages employees to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior (especially when in doubt about the best course of action in a particular situation). Employees should report actual and suspected violations of laws, rules, regulations or this Code to appropriate personnel. If they do not believe it appropriate or are not comfortable approaching their supervisors about their concerns, then they may contact any member of the Audit Committee or Nominating/Corporate Governance Committee of the Board of Directors or the Company's legal counsel. If their concerns require confidentiality, then this confidentiality will be protected, subject to applicable law, regulation or legal proceedings. The Company will not permit retaliation of any kind by or on behalf of the Company and its employees, officers and directors against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

10. Financial Reporting and Accuracy of Company Records

The Company is required by law to make full, fair, accurate, timely and understandable disclosure in the reports and documents that the Company files with, or submits to the SEC and in all other public communications it makes.

In order for the Company with its public disclosure obligations, it has adopted the following principles:

- **Business transactions must be properly authorized and be completely and accurately recorded on the Company's books and records in accordance with generally accepted accounting practices.**
- **Each employee must help to maintain the integrity of record keeping and reporting systems and is responsible for maintaining complete and accurate records, accounting entries and classifications.**
- **The Company's employees, officers and directors are expected to comply fully and accurately with all audits, requests for special record keeping or retention of documents, documents or other material from or on behalf of the Company's auditors, the Chief Financial Officer and may result in discipline up to and including termination.**

The Company strives to comply with all applicable financial reporting and accounting regulations applicable to the Company. Employees, officers and directors who have concerns or complaints regarding questionable accounting or auditing matters or procedures involving the Company are encouraged to submit those concerns or complaints to the Audit Committee of the Board of Directors which will, subject to its duties arising under applicable law, regulations and legal proceedings, treat such submissions confidentially. These submissions may be directed to the attention of the Audit Committee Chairman, or any director who is a member of the Audit Committee, at the principal executive offices of the Company, or at their residence address.

11. Discrimination and Harassment

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate illegal discrimination or harassment of any kind. Employees are encouraged to report any acts of harassment or discrimination to the President or Chief Financial Officer or to any member of the Audit Committee or Nominating/Corporate Governance Committee of the Board of Directors. Complainants and other reporting persons will be afforded the treatment and protections provided under this Code.

12. Health and Safety

The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

13. Discipline

Failure to follow this Code of Conduct can have substantial consequences. Not only may you be personally liable for the legal or ethical violation (which may result in fines or even jail time), you may also be subject to disciplinary proceedings, including termination.

14. Waivers of the Corporate Code of Conduct

Any waiver of this Code of Conduct for executive officers or directors may be made only by the Board of Directors or a Board Committee and will be promptly disclosed as required by law or by SEC or NYSE regulations. Waivers of this Code for a non-officer employee may be made by the President or Chief Financial Officer only upon the employee making full disclosure in advance of the transaction in question. This Code of Conduct may be amended or modified at any time by the Board of Directors.

15. Acknowledgement

Employees and officers will be asked annually to sign a statement affirming that they have read and understood this Code of Conduct and that they are in compliance with the Code of Conduct.