
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **February 2, 2012**

MFA FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation
or organization)

1-13991
(Commission File Number)

13-3974868
(IRS Employer
Identification No.)

350 Park Avenue, 20th Floor
New York, New York
(Address of principal executive offices)

10022
(Zip Code)

Registrant's telephone number, including area code: **(212) 207-6400**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure

MFA Financial, Inc. ("MFA") hereby furnishes the information set forth in the presentation attached hereto as Exhibit 99.1, which is incorporated herein by reference.

The information referenced in this Current Report on Form 8-K (including Exhibit 99.1) is being "furnished" and, as such, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information set forth in this Current Report on Form 8-K (including Exhibit 99.1) shall not be incorporated by reference into any registration statement or other document filed by MFA pursuant to the Securities Act of 1933, as amended (the "Securities Act"), except as shall be expressly set forth by specific reference in such filing.

As discussed therein, the presentation contains forward-looking statements within the meaning of the Securities Act and the Exchange Act and, as such, may involve known and unknown risks, uncertainties and assumptions. These forward-looking statements relate to MFA's current expectations and are subject to the limitations and qualifications set forth in the presentation as well as in MFA's other documents filed with the SEC, including, without limitation, that actual events and/or results may differ materially from those projected in such forward-looking statements.

Exhibit

99.1 Presentation of MFA Financial, Inc.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MFA FINANCIAL, INC.
(REGISTRANT)

By: /s/ Harold E. Schwartz
Name: Harold E. Schwartz
Title: Senior Vice President and
General Counsel

Date: February 2, 2012

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EXHIBIT INDEX

Exhibit No.	Description
99.1	Presentation of MFA Financial, Inc.

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February 2012

MFA
FINANCIAL, INC.

Forward Looking Statements

MFA
FINANCIAL, INC.

When used in this presentation or other written or oral communications, statements that are not historical in nature, including those containing words such as “will,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “could,” “would,” “may” or similar expressions, are intended to identify “forward-looking statements” for purposes of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and assumptions.

These forward-looking statements include information about possible or assumed future results with respect to our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects, among others, may be forward-looking: changes in interest rates and the market value of MFA’s MBS; changes in the prepayment rates on the mortgage loans securing MFA’s MBS; MFA’s ability to borrow to finance its assets; implementation of or changes in government regulations or programs affecting MFA’s business; MFA’s ability to maintain its qualification as a REIT for federal income tax purposes; MFA’s ability to maintain its exemption from registration under the Investment Company Act of 1940, including statements regarding the Concept Release issued by the Securities and Exchange Commission relating to interpretive issues under the 1940 Act with respect to the status under the 1940 Act of companies that are engaged in the business of acquiring mortgages and mortgage-related interests; and risks associated with investing in real estate assets, including changes in business conditions and the general economy. These and other risks, uncertainties and factors, including those described in the annual, quarterly and/or current reports that MFA files with the SEC, could cause MFA’s actual results to differ materially from those projected in any forward-looking statements that it makes.

These forward-looking statements are based on beliefs, assumptions and expectations of MFA’s future performance, taking into account all information currently available. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect MFA. Except as required by law, MFA is not obligated to, and does not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

MFA
is an internally managed REIT
positioned to benefit from
investment in both Agency
and Non-Agency Residential
MBS

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Experienced Management Team Focused on Residential
MBS Opportunities

- Investment opportunities exist in RMBS, particularly in the Non-Agency sector.
- Agency MBS investment returns continue to benefit from a steep yield curve. Despite governmental actions, refinancing rates are not spiking.
- In this period of economic uncertainty, our goal remains to generate double-digit returns on equity with an appropriate level of leverage.

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14.5% Annual Return Since January 2000

Total Return*



Source: Bloomberg

*Through December 31, 2011. Includes reinvestment of dividends.

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MFA Asset Allocation Strategy

Investment in Residential MBS Including Both Agency MBS and Non-Agency MBS

At September 30, 2011	Agency MBS	Non-Agency MBS (1)	Cash	Other, net	Total
(\$ in Millions)					
Amortized Cost	\$ 7,311	\$ 4,141	\$ 444	\$ (29)	\$ 11,867
Market Value	\$ 7,519	\$ 4,146	\$ 444	\$ (29)	\$ 12,080
Less Payable for Unsettled MBS Purchases	(134)	-	-	-	(134)
Less Repurchase Agreement Borrowings	(6,416)	(1,795)	-	-	(8,211)
Less Securitized Debt	-	(959)	-	-	(959)
Equity Allocated	\$ 969	\$ 1,392	\$ 444	\$ (29)	\$ 2,776
Less Swaps at Market Value	-	-	-	(135)	(135)
Net Equity Allocated	\$ 969	\$ 1,392	\$ 444	\$ (164)	\$ 2,641
Debt/Net Equity Ratio (2)	6.76 x	1.98 x	-	-	3.52 x

For the Quarter Ended September 30, 2011

Yield on Average Interest Earning Assets	3.37 %	7.29 %	0.02 %	4.60 %
Less Average Cost of Funds	1.74 (3)	1.61 (3)	-	1.70
Net Interest Rate Spread	1.63 %	5.68 %	0.02 %	2.90 %

For additional detail regarding the above table, see the Company's third quarter 2011 earnings release dated November 7, 2011.

- (1) Information presented with respect to Non-Agency MBS, related repurchase agreement borrowings and resulting totals are presented on a Non-GAAP basis. For a GAAP reconciliation of such items, see Annex 1.
- (2) Represents borrowings under repurchase agreements, securitized debt and payable for unsettled MBS purchases as a multiple of net equity allocated.
- (3) Includes effect of swaps.

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Balanced Portfolio of Hybrid ARMs (~75%) and 15-Year Fixed (~25%)

- **Low premium exposure:** Portfolio average amortized cost basis is 102.6%.
- **MFA's Agency MBS portfolio has limited exposure to HARP 2.0:**
The majority of MFA's securities that could be affected have underlying mortgages that are currently in their interest-only period (limiting the incentive to refinance into a fully amortizing 30-year fixed rate mortgage).
- **Agency funding costs are expected to decline:** Approximately \$740 million of interest rate swaps at a pay rate of 3.66% will mature in the next 12 months.

* All Agency MBS portfolio information is as of September 30, 2011

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Increasing Non-Agency MBS Portfolio*

- MFA owned \$4.1 billion market value of Non-Agency MBS with an average amortized cost of 73% of par.
- In the third quarter of 2011, these assets generated a loss adjusted yield of 7.29% on an unlevered basis.
- These assets are less sensitive to changes in the yield curve and interest rates. Returns on discounted Non-Agency MBS increase if prepayments increase.
- Price declines in 2011 provide opportunities to acquire assets with high-single digit unlevered loss-adjusted yields.

*Information presented as of September 30, 2011. Includes \$256.4 million fair value of Non-Agency MBS underlying Linked Transactions at September 30, 2011. Non-Agency MBS are presented on a non-GAAP basis. For a GAAP reconciliation of such items, see Annex 1.

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Example of Loss-Adjusted Yield

For Illustrative Purposes Only

Scenario	Price	Coupon	Defaults	Severity	Prepay Speed	Yield
Historic Base Case	72	4.50%	0%	0%	15%	14%
Slow Speed	72	4.50%	0%	0%	6%	10%
Slow Speed Loss Adjusted	72	4.50%	44%	50%	6%	7%

In general, MFA's yields are based on estimated future cash flows utilizing credit assumptions similar to those used in the slow speed, loss-adjusted illustration.

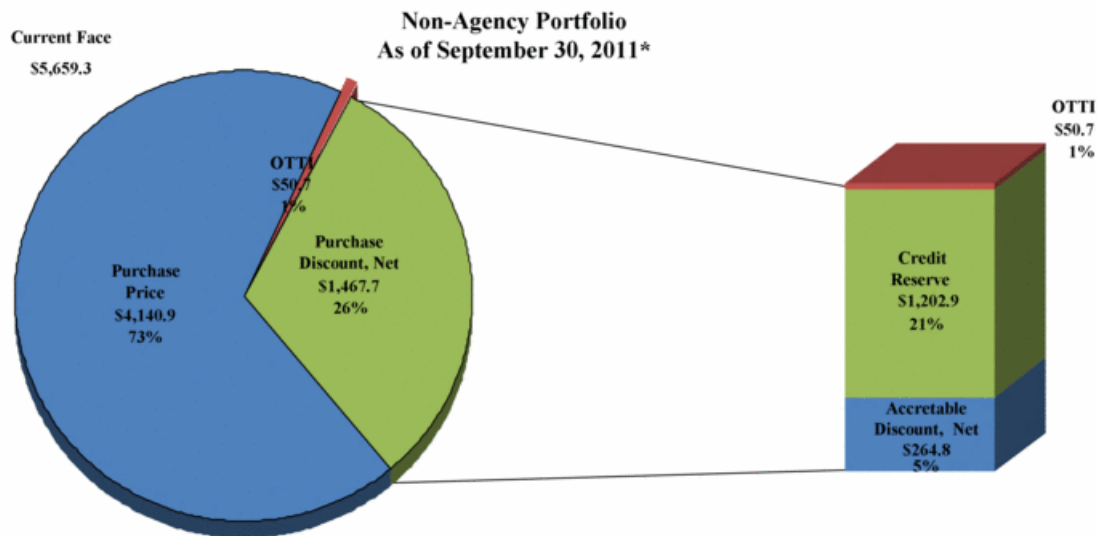
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While Housing Fundamentals Remain Weak, We Have Factored This Into Our Credit Reserve Estimates*

- 1) **Credit enhancement**: Average credit enhancement of 5.7% absorbs realized losses before the securities owned by MFA are impacted.
- 2) **Discounted purchase price**: On average, capital losses of 27% can occur within a Non-Agency MBS before MFA has a loss on its investment.
- 3) **Substantial credit reserve**: MFA is booking income utilizing a substantial credit reserve that assumes \$1.2 billion of realized losses will occur within its \$5.7 billion face value of Non-Agency MBS.

*Data as of September 30, 2011. Information regarding Non-Agency MBS is presented on a non-GAAP basis. For a GAAP reconciliation of such items, see Annex 1.

Deeply Discounted Purchase Price, Substantial Credit Reserve and 5.7% Credit Enhancement mitigate Credit Risk



Dollars in Millions

* Information regarding Non-Agency MBS is presented on a non-GAAP basis. For a GAAP reconciliation of such items, see Annex 1.

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Non-Agency MBS – 20 Largest Positions *

Projections Assume Continued Housing Market Weakness with Defaults Well in Excess of Currently Delinquent Mortgages

% of Total Portfolio	Collateral Type	FICO	WALA	Credit Support (%)	60+ DQ	Projected Defaults	Projected Principal Recovery	6 Month Loss Severity
1.8%	Fixed	744	53	2.0	14%	26%	85%	43%
1.8%	10/20	737	57	4.6	15%	38%	87%	44%
1.7%	7/23	726	51	1.4	29%	51%	76%	47%
1.6%	10/20	742	52	1.8	26%	39%	83%	59%
1.6%	Fixed	730	51	0.0	24%	44%	71%	58%
1.5%	5/25	746	50	5.4	20%	37%	87%	32%
1.4%	5/25	731	74	12.2	23%	48%	81%	53%
1.4%	7/23	734	61	6.2	29%	48%	82%	51%
1.2%	5/25	723	50	6.7	27%	55%	75%	51%
1.2%	Fixed	740	54	0.0	18%	36%	81%	74%
1.2%	Fixed	730	52	7.3	23%	49%	76%	54%
1.1%	10/20	728	61	3.5	23%	55%	71%	44%
1.0%	10/20	741	55	4.7	21%	36%	85%	51%
1.0%	7/23	746	52	2.1	26%	39%	82%	50%
1.0%	5/25	737	71	6.2	12%	40%	86%	41%
1.0%	5/25	736	54	0.0	24%	53%	74%	48%
1.0%	5/25	726	82	13.5	13%	34%	95%	38%
0.9%	5/25	734	62	2.3	20%	42%	82%	51%
0.9%	10/20	722	71	1.6	18%	47%	81%	45%
0.8%	5/25	702	83	19.5	29%	51%	90%	51%

Total/weighted average:		734	59	4.7	22%	43%	81%	49%
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* Data as of September 30, 2011. FICO scores as of deal origination date.

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Non-Agency Portfolio Financed with Repo, Equity and Securitized Debt *

Market Value of Non-Agency MBS	\$4.1 Billion
Financing	
Repo	\$1.8 Billion
Equity	\$1.4 Billion
Securitized Debt	\$1.0 Billion

- Equity and Securitized Debt is permanent financing
 - No mark-to-market
 - No margin calls

* All amounts presented as of September 30, 2011

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We are Adding Financing Structures that Reduce our Reliance on Short-Term Non-Agency MBS Repurchase Arrangements

- In the Fourth Quarter of 2011, we entered into a three-year collateralized financing arrangement that effectively provided \$300 million of financing for Non-Agency MBS.
- This multi-year financing is incrementally more expensive than short-term financing by approximately 100-150 basis points.
- Subsequent to 2011 year-end, we increased the amount financed under the arrangement to a total of \$500 million.

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MFA Financial, Inc.

- Internally managed.
- Goal is to generate double-digit returns on equity.
- 14.5% annual return since 2000 (including reinvestment of dividends).
- While housing fundamentals do remain weak, we believe this has been appropriately factored into our cash flow projections and credit reserve estimates.
- Diverse funding sources for Non-Agency MBS Portfolio including securitized debt, structured financing and equity, in addition to repo.

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ANNEX 1 – Reconciliations of Non-GAAP Financial Measures



Information pertaining to MFA's Non-Agency MBS that are a component of Linked Transactions are reconciled below as of and for the three months ended September 30, 2011 with the most directly comparable financial measure calculated in accordance with GAAP, as follows:

	Adjustments for the		
	GAAP Based	Impact of	Non-GAAP
(Dollars in Thousands)	Information	MBS Linked Transactions	Presentation
<u>At September 30, 2011:</u>			
Repurchase Agreement Borrowings	\$ 8,017,663	\$ 192,960 (1)	\$ 8,210,623
Securitized Debt	958,406	-	958,406
Payable for Unsettled MBS Purchases	134,493	-	134,493
Total Borrowings (Debt)	\$ 9,110,562	\$ 192,960 (1)	\$ 9,303,522
Stockholders' Equity	\$ 2,641,224	\$ 1,916	\$ 2,643,140
Debt-to-Equity (Debt/Stockholders' Equity)	3.4 x		3.5 x
<u>For the Three Months Ended September 30, 2011:</u>			
Average Interest Earning Assets	\$ 11,559,025	\$ 265,259 (2)	\$ 11,824,284
Interest Income	\$ 130,766	\$ 5,251	\$ 136,017
Yield on Average Interest Earning Assets	4.53 %	7.92 %	4.60 %
Average Total Borrowings	\$ 9,034,044	\$ 219,270 (1)	\$ 9,253,314
Interest Expense	\$ 38,752	\$ 864	\$ 39,616
Average Cost of Funds	1.70 %	1.56 %	1.70 %
Net Interest Rate Spread	2.83 %	6.36 %	2.90 %

(1) Represents borrowings under repurchase agreements underlying Linked Transactions.

(2) Reflects adjustments for the impact of MBS Linked Transactions.

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ANNEX 1 – Reconciliations of Non-GAAP Financial Measures (cont)



The table below reconciles MFA's Non-Agency MBS and related repurchase agreement borrowings and securitized debt on a GAAP basis to reflect on a combined basis its Non-Agency MBS and related repurchase agreements underlying its Linked Transactions, which is a Non-GAAP financial measure. Based on this Non-GAAP presentation, MFA has also presented certain resulting performance measures (reflected in the table below) on a Non-GAAP basis.

	Adjustments for the Impact of MBS				
<i>(Dollars in Thousands)</i>	GAAP Based Information	(1)	Linked Transactions	(2)	Non-GAAP Presentation
At September 30, 2011:					
Amortized Cost of Non-Agency MBS	\$ 3,902,557	\$	238,320 (6)	\$	4,140,877 (6)
Fair Value of Non-Agency MBS	\$ 3,889,310	\$	256,369	\$	4,145,679
Face/Par Value of Non-Agency MBS	\$ 5,337,509	\$	321,778	\$	5,659,287
Purchase (Discount) Designated as Credit Reserve and OTTI	\$ (1,196,401) (3)	\$	(57,224)	\$	(1,253,625) (4)
Purchase (Discount) Designated as Accretable, net	(238,551)		(26,234) (6)		(264,785) (6)
Total Purchase (Discount) of Non-Agency MBS	\$ (1,434,952) (3)	\$	(83,458)	\$	(1,518,410) (4)
Non-Agency Repurchase Agreements and Securitized Debt	\$ 2,560,557	\$	192,960	\$	2,753,517
For the Three Months Ended September 30, 2011:					
Non-Agency MBS Average Amortized Cost	\$ 3,904,218	\$	265,259	\$	4,169,477
Non-Agency Average Total Borrowings	\$ 2,617,546	\$	219,270	\$	2,836,816
Coupon Interest on Non-Agency MBS	\$ 60,038	\$	4,588	\$	64,626
Effective Yield Adjustment (5)	10,746		663		11,409
Interest Income on Non-Agency MBS	\$ 70,784	\$	5,251	\$	76,035
Interest Expense on Non-Agency Total Borrowings	\$ 10,624	\$	864	\$	11,488
Yield on Average Interest Earning Non-Agency MBS	7.25 %		7.92 %		7.29 %
Non-Agency Average Cost of Funds	1.61		1.56		1.61
Non-Agency Interest Rate Spread	5.64 %		6.36 %		5.68 %

(1) Includes Non-Agency MBS transferred to consolidated VIEs.

(2) Adjustment to reflect Non-Agency MBS underlying Linked Transactions, borrowings under repurchase agreements underlying Linked Transactions and yield adjustments for de-linked Non-Agency MBS.

(3) Amounts disclosed reflect purchase discount designated as credit reserve of \$1.146 billion and OTTI of \$50.7 million.

(4) Amounts disclosed reflect purchase discount designated as credit reserve of \$1.203 billion and OTTI of \$50.7 million.

(5) The effective yield adjustment on Non-Agency MBS is the difference between net income calculated using the net yield, which is based on management's estimates of future cash flows for Non-Agency MBS, and the current coupon yield.

(6) Includes adjustment of \$22.6 million related to yield adjustments for de-linked Non-Agency MBS.

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