



## Reverse Stock Split FAQs

On September 8, 2022, Annaly Capital Management, Inc. (the “Company” or “Annaly”) announced that its Board of Directors (the “Board”) unanimously approved a reverse stock split of the Company’s common stock at a ratio of 1-for-4. The reverse stock split became effective following the close of business on September 23, 2022 (the “Effective Date”), and the Company’s common stock began trading on a post-reverse stock split basis on September 26, 2022.

Additional information relating to the reverse stock split, including a disclaimer about any forward-looking statements, can be found in the Company’s press release [here](#).

### What is a reverse stock split? What happens to my shares?

- A reverse stock split exchanges a fixed number of existing shares for a smaller number of newer shares, resulting in the new shares having a higher price.
- At a ratio of 1-for-4, every four shares of Annaly’s common stock were automatically converted into one share of common stock and the stock price initially increased proportionately.
- No fractional shares were issued in connection with the reverse stock split; instead, stockholders that would hold fractional shares as a result of the reverse stock split were entitled to receive a cash payment in lieu of such fractional shares in an amount based on the closing price of the Company’s common stock on the New York Stock Exchange on September 23, 2022.
- For example, if you held 40 shares before the reverse stock split, you would hold ten shares after the reverse stock split. If you held 42 shares before the reverse stock split, you would hold ten shares after the reverse stock split and receive a cash payment in lieu of the two pre-reverse stock split shares that did not convert into a fractional share.

### Why did Annaly implement a reverse stock split?

- The Company implemented the reverse stock split with the objective of reducing Annaly’s number of shares of common stock outstanding to more closely align with companies of a similar market capitalization. As a result of the reverse stock split, the number of outstanding shares of Annaly’s common stock was reduced from 1,869,274,630 to approximately 467,318,000.
- Furthermore, the Company believes the reverse stock split will make the common stock more attractive to a broader range of investors, which has the potential to reduce share price volatility over time.

### When did the reverse stock split become effective?

- The reverse stock split took effect following the close of business on September 23, 2022, and Annaly’s common stock began trading on a post-reverse stock split basis on September 26, 2022.

### How does the reverse stock split impact Common Stock dividends?

- All future dividend distributions will be made at the discretion of our Board and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors that the Board may deem relevant from time to time.

- On September 8, 2022, Annaly announced a quarterly common stock dividend of \$0.88 per share of the Company's common stock (maintaining the Company's dividend of \$0.22 per share before the reverse stock split, adjusted for the 1-for-4 reverse stock split), as illustrated in the hypothetical example below.

Dividend Illustration	Before 1-for-4 Reverse Stock Split	After 1-for-4 Reverse Stock Split
Shares Owned	400	100
Multiplied by Quarterly Dividend Per Share	x \$0.22	x \$0.88
<b>Total Quarterly Dividend Payment</b>	<b>= \$88</b>	<b>= \$88</b>

### How does the reverse stock split affect the calculation of future earnings available for distribution (“EAD”) per share and other per share metrics?

- With the number of outstanding shares of Annaly's common stock reduced to one quarter of the pre-reverse stock split number, EAD per share and other per share metrics will proportionately be increased by four times what they otherwise would have been as they are being divided by one-fourth as many shares.
- Additionally, in financial statements issued following the reverse stock split, EAD per share and other per share metrics for periods ending before the Effective Date of the reverse stock split will be adjusted to give retroactive effect to the reverse stock split.

### Does the reverse stock split affect the value of my equity in Annaly?

- The reverse stock split should not change the total value of your equity in Annaly, except for de minimis changes resulting from the payment of cash in lieu of fractional shares. Absent other factors that affect the trading price of Annaly common stock, the market price of each share of stock initially automatically increased by a multiple of four while your number of owned shares automatically reduced by a quarter. As a result, absent other factors, the total amount of your equity would remain the same only at that moment of time as illustrated in the hypothetical example below.

Equity Value Illustration	Before 1-for-4 Reverse Stock Split	Upon Effective Date of 1-for-4 Reverse Stock Split
Shares Owned	400	100
Multiplied by Illustrative Share Price	x \$5.65	x \$22.60
<b>Total Amount of Illustrative Equity</b>	<b>= \$2,260</b>	<b>= \$2,260</b>

- However, this is simply a conceptual analysis for a moment in time upon the Effective Date. The Company cannot guarantee its share price performance following the reverse stock split and we expect that the stock price will fluctuate.

### Did the reverse stock split change my percentage ownership or voting power?

- The reverse stock split affected all the Company's common stockholders uniformly and did not affect any common stockholder's percentage ownership interest or proportionate voting power, except for de minimis changes resulting from the payment of cash in lieu of fractional shares of common stock.

**Do I need to take any action? What do I do with my Annaly stock certificates? Will I receive a stock certificate for the new shares?**

*Beneficial Holders:*

- If your shares of Annaly's common stock are held in a brokerage account, they converted automatically in accordance with the policies and procedures of your brokerage firm. You do not need to do anything.
- You may contact your brokerage firm for additional information.

*Registered Holders:*

- If you are a holder of certificated shares of the Company's common stock, you will receive a letter of transmittal from Computershare Trust Company, N.A. ("Computershare"), Annaly's transfer agent, which contains instructions on how to surrender certificates representing pre-reverse stock split shares, which will become book-entry shares post-reverse stock split. This means that your shares will be electronically credited to an account registered in your name on the books of Annaly, which are maintained by Computershare.
- Stockholders should not send in their pre-reverse stock split certificates unless they are accompanied by a completed letter of transmittal. The letter of transmittal also includes a lost securities affidavit with respect to any certificate that cannot be located.
- In order to receive new shares of the Company's common stock, cash payments in lieu of any fractional shares, and any dividends or other distributions that the Company may declare in the future, stockholders must return these certificated shares of the Company's common stock or a lost securities affidavit.
- The completed letter of transmittal together with the certificate(s) for the shares of the Company's common stock being surrendered (or the completed lost securities affidavit, if applicable) should be returned to Computershare at the following address:

Computershare  
Attn: Corporate Actions Processing  
Meidinger Tower  
462 S 4th St.  
Louisville, KY 40202

- You may contact Computershare for additional information (contact information at the end of this document).

**Do the post-reverse stock split shares continue to trade on the exchange where Annaly's common stock was listed prior to the reverse stock split? Is there a new CUSIP?**

- The Company's common stock continues to trade on the New York Stock Exchange under the symbol "NLY."
- However, the common stock now trades under a new CUSIP number: 035710839.

**What are the tax consequences of the reverse stock split?**

- The reverse stock split is intended to be tax-free for U.S. federal income tax purposes. U.S. stockholders generally should not recognize a gain or loss from the reverse stock split, except in those instances where cash payments were provided in lieu of fractional shares, which may be taxable.

- Form 1099-B will be issued in early 2023 by stockholders' brokers for cash payments made to registered stockholders in lieu of fractional shares.
- Holders of Annaly's common stock are urged to consult their own tax advisors with respect to the U.S. Federal, State, and Local and Non-U.S. tax consequences of the reverse stock split.

### **How do I adjust the cost basis to reflect the reverse stock split?**

- Every four shares of Annaly's common stock automatically converted to one share of common stock. As a result, stockholders must allocate the aggregate tax basis in their shares held immediately prior to the reverse stock split among the shares held immediately after the reverse stock split, including consideration of any cash payments in lieu of fractional shares.
- Stockholders' holding period for its stock after the reverse stock split will include the holding period of the corresponding stock before the reverse stock split.
- As individual taxpayers' circumstances may vary, stockholders should consult their own tax advisors on the effect of allocating basis and holding period carryover for their post-reverse stock split shares.
- Additional information is included in the U.S. Internal Revenue Service Form 8937, Report of Organizational Actions Affecting Basis of Securities, prepared by Annaly. This form is posted on [Annaly's Investor Relations – Tax Information](#) webpage.

### **Who should I contact if I have additional questions about my shares?**

- If you have questions about the reverse stock split, shareowner records, stock transfers, stock certificates or other stock-related inquiries please contact:

Computershare Investor Services  
P.O. Box 43006  
Providence, RI 02940-3006  
(800) 301-5234  
[www.computershare.com](http://www.computershare.com)

- If you have any other questions related to Annaly, please contact the Investor Relations team at:

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New York, NY 10036

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