



ANNALY®

Annaly ESG Presentation
to Investors
January 2019

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This presentation, other written or oral communications, and our public documents to which we refer 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,” “should,” “expect,” “anticipate,” “continue,” or similar terms 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 (“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 credit business; our ability to grow our middle market lending business; credit risks related to our investments in credit risk transfer securities, residential mortgage-backed securities and related residential mortgage credit assets, commercial real estate assets and corporate debt; risks related to investments in mortgage servicing rights (“MSRs”); our ability to consummate any contemplated investment opportunities; changes in government regulations or policy affecting our business; our ability to maintain our qualification as a REIT for U.S. federal income tax purposes; and our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended. 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 our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. 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, except as required by law.

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Executive Summary

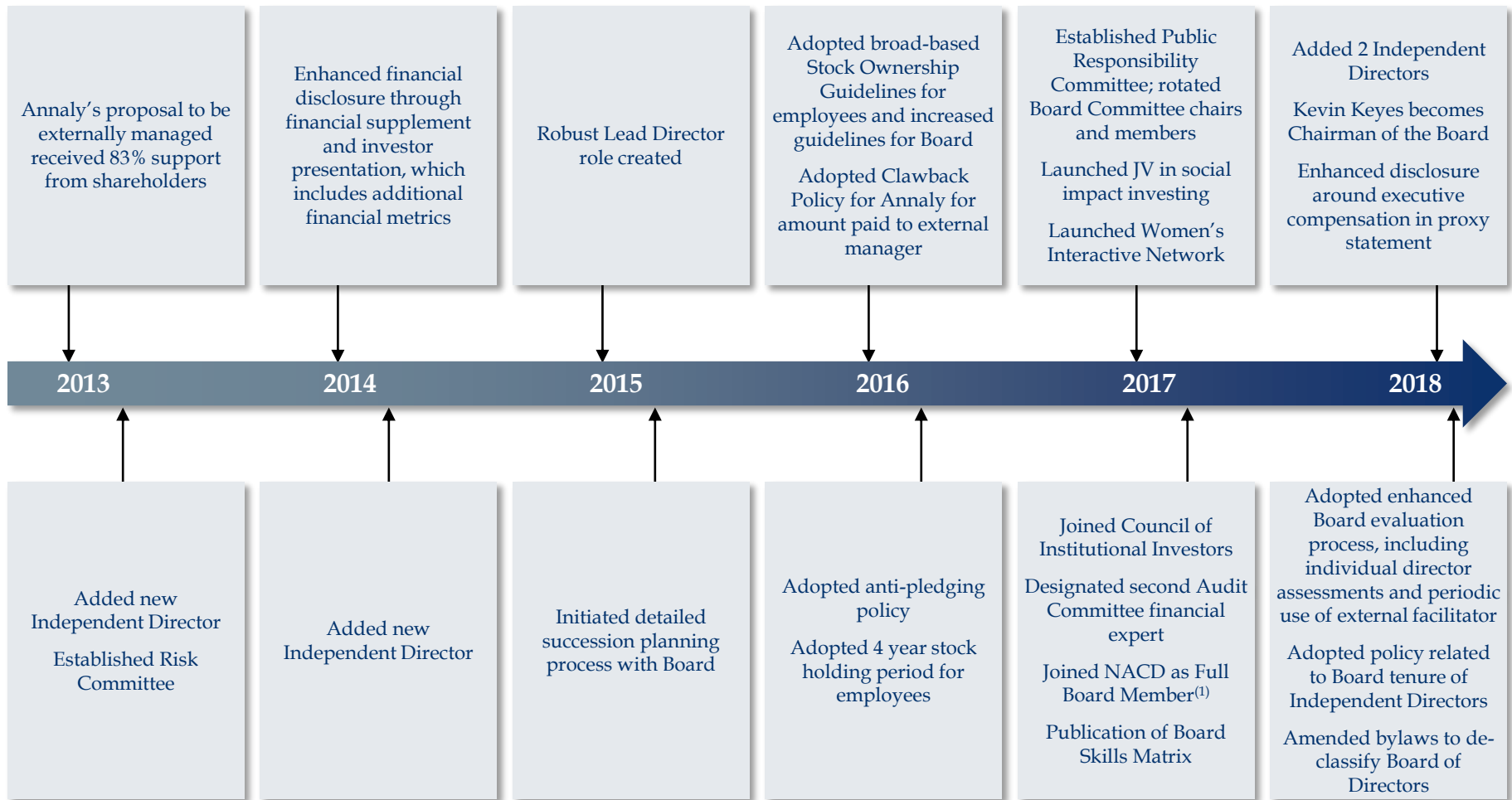
This presentation highlights our commitment to Environmental, Social and Governance practices

- ✓ Board independence, education, self-evaluation and refreshment
- ✓ Firm diversity
- ✓ Enhanced disclosure
- ✓ Risk management
- ✓ Awareness of sustainability practices
- ✓ Alignment with shareholders
- ✓ Investment in human capital
- ✓ Focus on talent and human development
- ✓ Social impact investments
- ✓ Broad-based unique stock ownership program

Corporate Governance | Governance and Social Responsibility Timeline

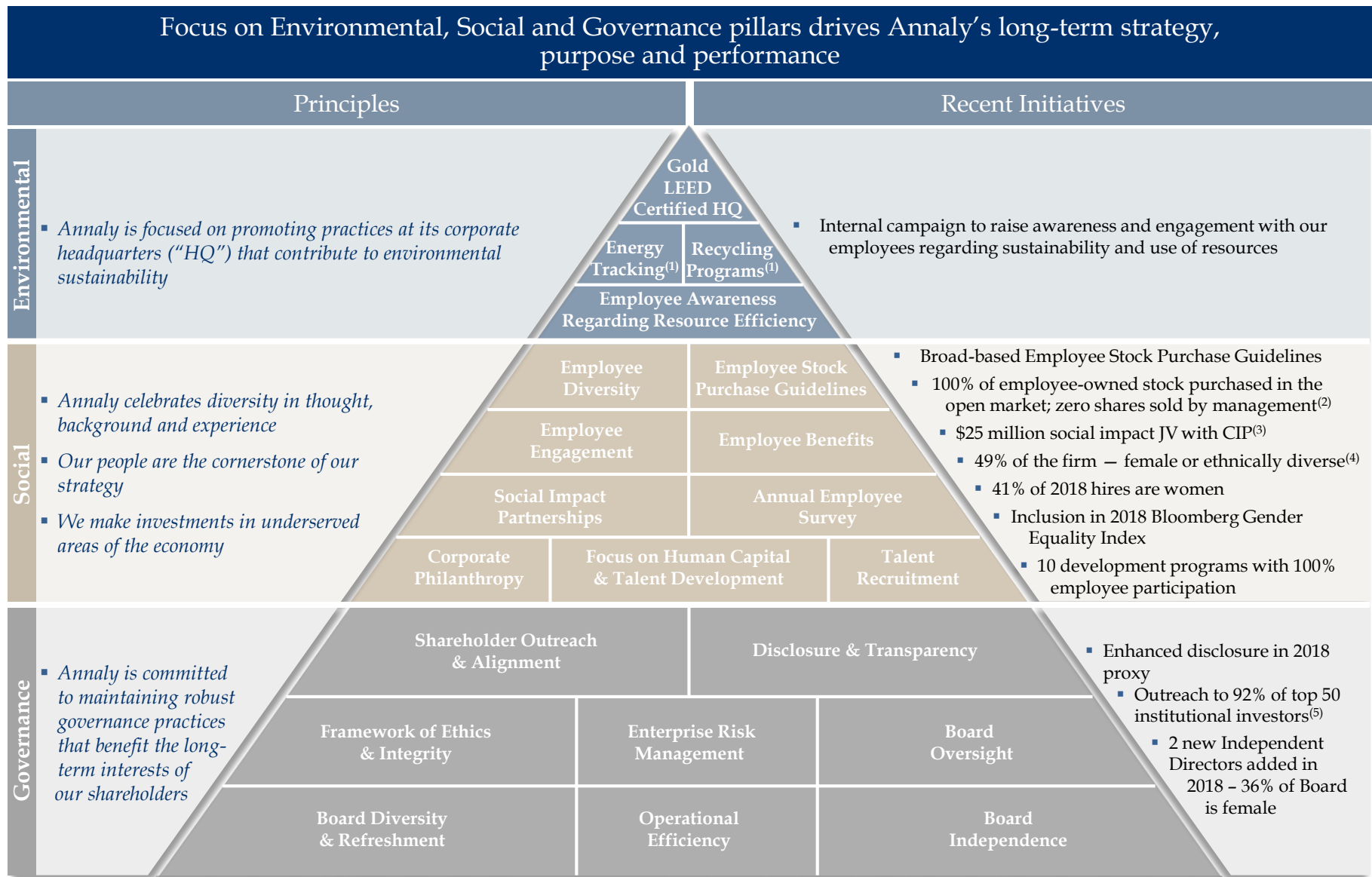
Over the past five years, Annaly has made significant enhancements to our corporate governance practices

Annaly Strives for Best-in-Class Governance Practices



1. National Association of Corporate Directors (NACD).

Annaly Commitment | Environmental, Social and Governance (“ESG”) Focus



Note: Company statistics as of December 31, 2018, unless otherwise noted.

1. Refers to Annaly’s headquarters and any internal programs and initiatives performed at Annaly’s headquarters. This is not intended to capture any or all policies or procedures relating to Annaly’s management of assets in its portfolio.

2. Management refers to current executive management.

3. Annaly entered into a social impact investing joint venture with Capital Impact Partners (“CIP”) in November 2017, in which Annaly’s investment represents \$20 million and CIP’s investment represents \$5 million.

4. As permitted by the Equal Employment Opportunity Commission, diversity composition was obtained from self-identification and visual observation when employee declined to self-identify. Ethnically diverse represents all non-white ethnicities.

5. Representative of outreach during 2018 proxy season and shareholder base as of March 31, 2018. Shareholder data per Ipreo.

Shareholder Engagement | Extensive Engagement

Annaly takes pride in its extensive outreach efforts and is committed to transparency, enhanced disclosure and continued engagement

Overall Outreach and Engagement Since 2015 has Resulted in Robust Institutional Sponsorship Globally⁽¹⁾

60%+

Growth of international sponsorship

275+

1x1 investor meetings with management through meetings, calls, conferences and NDRs

240

Unique corporate governance related engagement efforts

800+

Number of institutional investors that own Annaly (+16% increase)

\$4.8bn⁽²⁾

Capital raised across common and preferred equity offerings

Shareholder Engagement Efforts Since 2017

300+

Institutional shareholders that have initiated new ownership positions

~100

One-on-one meetings with investors across the U.S., Canada and Europe

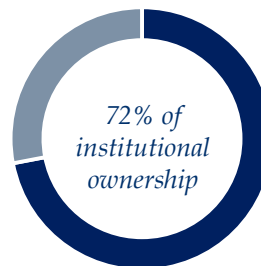
100+

Participants at our inaugural Investor Day

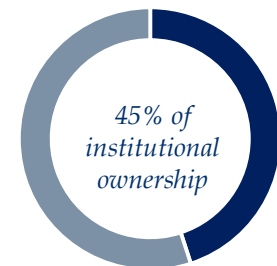
Outreach included approximately⁽³⁾



Outreach included approximately⁽³⁾



Management hosted meetings with investors representing⁽³⁾



⁽¹⁾ Engagement since 2015 represents overall engagement since Kevin Keyes, Chairman, Chief Executive Officer and President, became CEO in Q3'15 (shareholder base per Ipreo data as of September 30, 2018).

⁽²⁾ Amount is before deducting the underwriting discount and other estimated offering expenses. \$4.8 billion inclusive of all common and preferred equity offerings from July 2017 through January 2019. July 2017, September 2018 and January 2019 common equity offerings include the underwriters' full exercise of their overallotment option to purchase additional shares of stock (which, for the January 2019 offering, remains subject to customary closing conditions). July 2017 preferred offering and October 2017 common offering include the underwriters' partial exercise of their overallotment option to purchase additional shares of preferred and common stock respectively.

⁽³⁾ Outreach efforts representative of period between August 2017 and April 2018.

Shareholder Engagement | Implementing Shareholder Feedback

Shareholder engagement efforts generated significant feedback for both the Board and management and resulted in a number of enhancements to corporate governance and compensation practices and disclosures

What the Company Heard	What the Company Did
Improve Disclosure to Enable Fully Informed Say-on-Pay Vote	<ul style="list-style-type: none">✓ Provided additional clarity and transparency on the Manager's executive compensation program, including disclosure of:<ul style="list-style-type: none">- The portion of the management fee that is allocated to NEO compensation paid by the Manager- Of this compensation, the portion of fixed vs. variable / incentive pay- The metrics utilized to measure performance to determine variable / incentive pay
Further Increase Alignment of Senior Executives with Stockholders	<ul style="list-style-type: none">✓ CEO voluntarily increased his stock ownership commitment to \$15 million (from his existing requirement of \$10 million) and pledged to meet this amount through open market purchases within three years✓ Other members of senior management, including the Chief Investment Officer, Chief Credit Officer, Chief Financial Officer and Chief Legal Officer, also committed to voluntarily increase their stock ownership positions beyond the amounts required under their applicable stock ownership guidelines
Expand Corporate Social Responsibility	<ul style="list-style-type: none">✓ Created Public Responsibility Committee of the Board to provide oversight of corporate philanthropy, culture and reputation, social impact investments and initiatives related to sustainability and public policy✓ The Company partnered with Capital Impact Partners to launch a joint venture dedicated to supporting community development in underserved cities across the country✓ Recognized in the 2018 Bloomberg Gender-Equality Index, reflecting the Company's commitment to creating a gender equal workplace

Shareholder Engagement | Implementing Shareholder Feedback (*Continued*)

Shareholder engagement efforts generated significant feedback for both the Board and management and resulted in a number of enhancements to corporate governance and compensation practices and disclosures

What the Company Heard	What the Company Did
Focus on Board Refreshment and Diversity	<ul style="list-style-type: none">✓ Approved and amended bylaws to de-classify the Board of Directors✓ Adopted policy whereby an Independent Director may not stand for re-election at the next annual meeting of stockholders taking place at the end of his or her term following the earlier of his or her: (i) 12th anniversary of service on the Board or (ii) 73rd birthday✓ Adopted an enhanced Board self-evaluation process that includes annual assessments of the full Board, each Board Committee and individual Directors, which will be facilitated by an external evaluator on a periodic basis✓ Assessed all Directors to ensure continued match of skills against the Company's needs✓ Refreshed Board Committee memberships and chairmanships✓ Appointed 2 new highly qualified Directors to the Board as of January 1, 2018✓ Doubled the number of women Directors (from 2 to 4) as a result of these appointments (36% of Directors are women)✓ 4 of 11 Directors have tenure of less than 5 years
Elevate Board Education	<ul style="list-style-type: none">✓ Board became a Full Board Member of the National Association of Corporate Directors (NACD), which gives Directors access to an extensive menu of Board education programs, along with research on governance trends and Board practices
Increase Opportunities for Stockholder Engagement	<ul style="list-style-type: none">✓ Hosted first investor day with over 100 attendees✓ Moving to an online format for the Annual Meeting to enable increased stockholder attendance and participation✓ Established interactive pre-meeting forum, where stockholders can submit questions in advance of the Annual Meeting

Board of Directors | 2018 Corporate Governance Enhancements

In 2018, Annaly's Board of Directors proactively adopted key best-in-class corporate governance practices

Refreshment Policy for Board of Directors

October 2018

The Board of Directors unanimously adopted an enhanced Director refreshment policy

- The new policy provides that an independent Director may not stand for re-election at the next annual meeting of stockholders taking place at the end of his or her term following the earlier of his or her:
 - i. 12th anniversary of service on the Board or
 - ii. 73rd birthday

De-Classification of Board of Directors

December 2018

The Board of Directors unanimously approved and amended its bylaws to de-classify its Board

- The amendment to the bylaws provides that Directors will be nominated for election for one-year terms beginning with Annaly's annual meeting of stockholders in 2019 and as their terms expire

"As Annaly continues to focus on our firm commitment to strong corporate governance, we are pleased to announce these enhancements to our structure and policies in the best interests of our shareholders. We believe that continually refreshing the framework of our governance practices and oversight ensures fairness and transparency and will contribute to increased value to our shareholders over the long term. Eliminating the classified Board structure and enhancing our Board refreshment policy increases the accountability of our Board, and reflects management's and the Board's efforts to proactively respond to the input of our global investor base and address important initiatives relating to the best practices of corporate governance."

- Kevin Keyes, Chairman, CEO and President

Board of Directors | Corporate Governance

The structure of Annaly's Board of Directors is committed to Director independence, education and diversity

Board Independence & Leadership

- ✓ 82% of Annaly's Board of Directors is comprised of Independent Directors with deep and diverse experience
- ✓ Robust Lead Independent Director role established in 2015, with significant authority and responsibilities⁽¹⁾
- ✓ 4 new Independent Directors have been added in the past 5 years
- ✓ Board Committee Chairmanships were refreshed in 2017

Board Composition & Diversity

- ✓ The Nominating/Corporate Governance Committee (the "NCG Committee") of the Board seeks to achieve a balance of knowledge, experience and capability on the Board
- ✓ Newer Directors offer fresh ideas and perspectives, while deeply experienced Directors bring extensive knowledge of the Company's complex operations
- ✓ On an annual basis, the NCG Committee evaluates the Board's overall composition, including Director tenure and rigorously evaluates all Directors to ensure a continued match of their skill sets against the need of the Company
- ✓ 36% of Annaly's Board of Directors is female

Board Orientation, Evaluations and Continuing Education

- ✓ The Lead Independent Director and NCG Committee are responsible for overseeing an annual self-evaluation process for the Board
- ✓ The Board believes that Director orientation and continuing education is critical to the Board's ability to fulfill its responsibilities in a dynamic and constantly evolving business environment
- ✓ New Directors participate in a robust onboarding process, which includes extensive training materials and briefings on the Company's strategic plans, financial statements and key policies and practices

Governing Documents

- ✓ Code of Business Conduct and Ethics
 - ✓ The Board has adopted a Code of Business Conduct and Ethics which sets forth the basic principles and guidelines for resolving various legal and ethical questions that may arise in the workplace and in the conduct of business
- ✓ Corporate Governance Guidelines
 - ✓ The Board has adopted Corporate Governance Guidelines that, in conjunction with the charters of the Board committees, provide the framework for governance of the Company
- ✓ Committee Charters
 - ✓ Committee charters established for each of Annaly's five Board committees provide the framework and key practices for each committee

1. Please see page 30 of Annaly's 2018 Proxy report for the full responsibilities of the Lead Independent Director.

Investments | Our Investments Help Fuel the Economy

Annaly's housing finance portfolio supports homes and communities in every state across the U.S.

Nearly 750,000 homes

Annaly provides financing for Americans and their families⁽¹⁾

3.9 million additional homes

Supported through Annaly's investments in CRT securities, which are instruments that allow the private sector to take credit risk from the GSEs⁽²⁾

Agency

Lower Loan Balance Mortgages

177,000 Loans Totaling \$14.3 Billion

To borrowers with lower loan balance mortgages typically financing homes that are less than half the national house price average⁽³⁾

Residential Credit

Self-Employed Borrowers

1,000 Loans Totaling \$590 Million

To self-employed borrowers with relatively strong credit, including small business owners that have challenges accessing mortgage credit from commercial banks⁽⁴⁾

Commercial Real Estate

Social Impact Investing Joint Venture

\$25 Million Social Joint Venture⁽⁵⁾

Established joint venture with CIP dedicated to supporting underserved communities across the country

Annaly provides private capital to housing finance markets⁽⁶⁾

Agency MBS

Finances residential mortgages that have GSE guarantees

\$105.5 billion

Mortgage Servicing Rights

Invests in servicing rights of Agency MBS

\$589 million

GSE CRT

Investments that shift credit risk from the GSEs to the private sector during an economic downturn

\$689 million

Residential Whole Loans and Securities

Finances residential mortgages that do not have GSE guarantees

\$2.6 billion

Multifamily Commercial Real Estate Loans, Securities and Equity

Finances multifamily investments that do not have GSE guarantees

\$632 million

Source: Bloomberg and Company filings. Financial data as of September 30, 2018.

1. Represents the estimated number of homes financed by Annaly's holdings of Agency MBS, residential whole loans and securities, as well as multi-family commercial real estate loans, securities and equity investments. The number includes all homes related to securities and loans wholly-owned by Annaly and a pro-rata share of homes in securities or equity investments that are partially owned by Annaly.
2. CRTs include the loans in the CRT reference pool for CRT securities partially owned by Annaly. In rare cases, some individual borrowers may be counted multiple times if they are present in Annaly's holdings of multiple asset types.
3. Represents all of the loans included in low loan balance (<\$85,000) and medium loan balance (\$85,000-\$110,000) Agency MBS pools wholly-owned by Annaly and a pro-rata share of low loan balance and medium loan balance Agency MBS pools partially-owned by Annaly.

Based on FHFA's June 30, 2018 seasonally adjusted House Price Index, which is calculated using home sales price information from mortgages sold to, or guaranteed by, Fannie Mae and Freddie Mac.

4. Represents residential whole loans owned by Annaly.
5. Annaly's investment represents \$20 million and CIP's investment represents \$5 million.
6. Represents holdings in each investment class. Agency assets include TBA purchase contracts (market value) and MSRs. Residential Credit and ACREG assets include only Annaly's economic interest in consolidated VIEs.

Recent initiatives and acknowledgements demonstrate Annaly's focus on progress in the ESG space

Shareholder Alignment

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Announces Increased Management Stock Ownership Commitments

July 10, 2017

- ✓ Kevin Keyes volunteered an increased commitment to own an aggregate \$15 million of common stock of the Company within the next three years
- ✓ Mr. Keyes' current stock ownership position has been acquired entirely through purchases on the open market
- ✓ Mr. Keyes has pledged to meet his enhanced \$15 million commitment solely through additional open market purchases
- ✓ In addition to Mr. Keyes, other members of senior management have also committed to voluntarily increase their stock ownership positions beyond the amounts required under the 2016 stock ownership guidelines
- ✓ These officers have agreed to achieve their increased stock ownership commitments solely through open market purchases

Senior management has purchased \$16.3 million of Annaly shares since 2011 (through open market purchases, dividend reinvestments and options exercises)

No NEO has ever sold a single share of the Company's stock

Recent initiatives and acknowledgements demonstrate Annaly's focus on progress in the ESG space

Gender Equality

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Recognized in Bloomberg Gender-Equality Index

January 22, 2018

- ✓ Inclusion recognizes Annaly's strong commitment to gender equality
- ✓ The Gender Equality Index measures gender equality across internal company statistics, employee policies, external community support and engagement and gender-conscious product offerings

"Our focus on social and gender equality, such as the leadership promoted in the Bloomberg Gender Equality Index, is central to our long-term strategy and corporate culture. We are honored to be included in an initiative that shows commitment to and promotes gender equality in the workplace ... Inclusion in the index is also consistent with our broader ESG endeavors ..."

- Kevin Keyes - Chairman, CEO and President

Recent initiatives and acknowledgements demonstrate Annaly's focus on progress in the ESG space

Social Impact Investing

ANNALY®

&



CAPITAL IMPACT
PARTNERS

Launch Social Impact Investing Joint Venture

November 1, 2017

- ✓ Annaly and Capital Impact Partners jointly launched a \$25 million joint venture dedicated to supporting community development in underserved communities across the country
- ✓ The collaboration provides direct financing for socially responsible projects in low-income communities
- ✓ The investments targeted for this venture represent a diverse mix of projects within the social impact investing landscape which span communities across the country

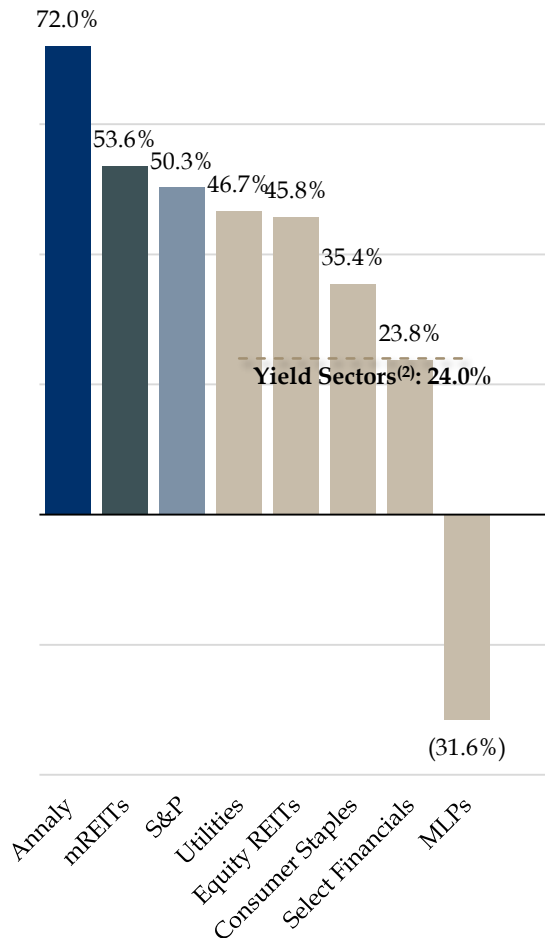
"We are pleased to announce this unique joint venture that enables Annaly to further our involvement in community development and social responsibility efforts while continuing to diversify the sources of our returns for shareholders. Combining Annaly's permanent capital with the expertise and 30-year track record of Capital Impact Partners helps further the mission of strengthening the links between health, education and housing in under served communities."

- Kevin Keyes - Chairman, CEO and President

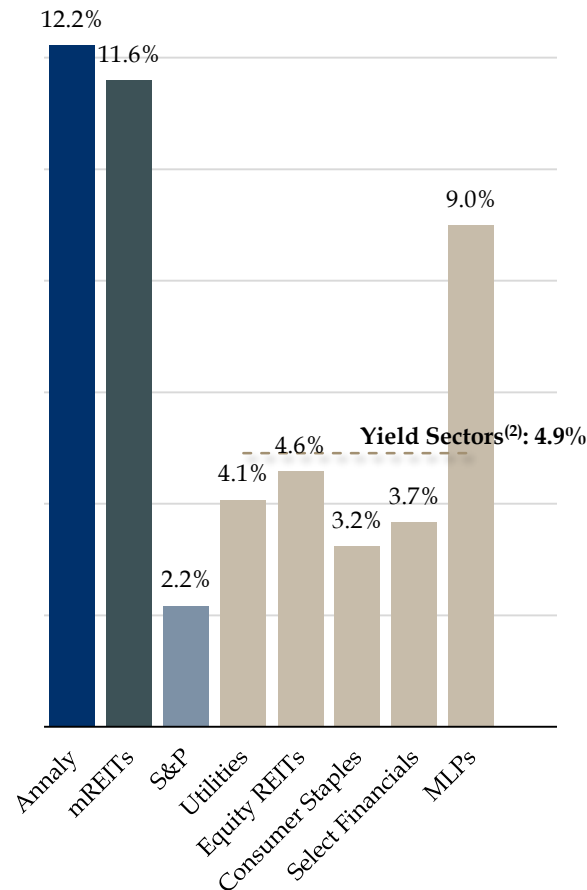
Performance | Outperformance and Relative Valuation

Annaly's performance and yield profile are superior to other yield asset classes, yet valuation remains relatively low

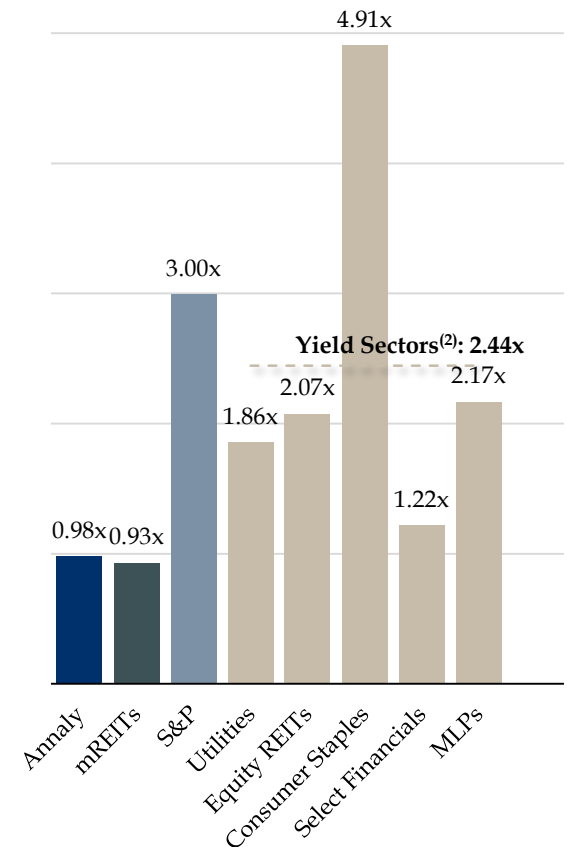
Total Return⁽¹⁾



Dividend Yield



Price to Book



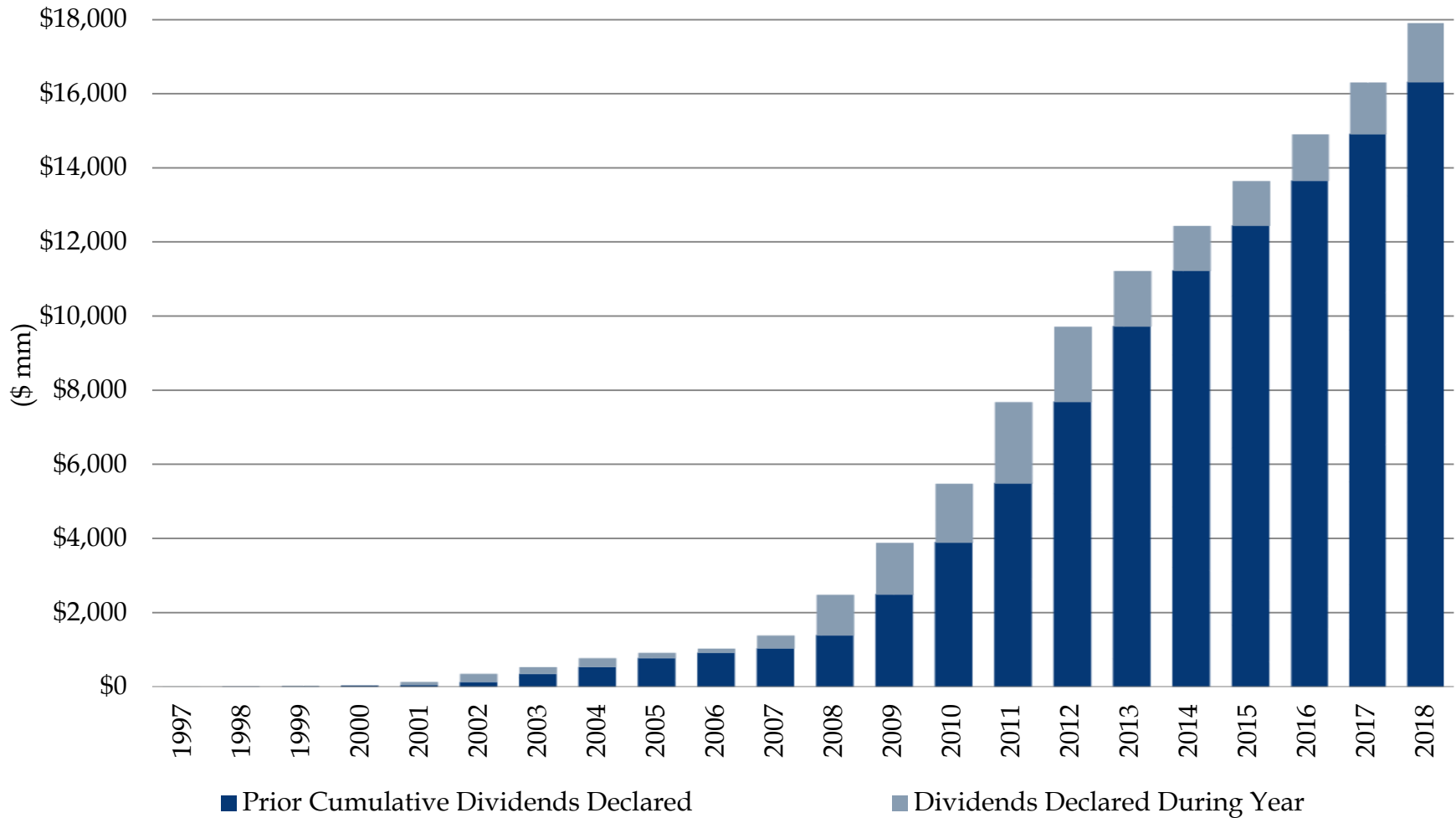
Source: Bloomberg, Financial data as of September 30, 2018. Market data as of December 31, 2018.

1. Total Return represents the total return for the period beginning December 31, 2013 to December 31, 2018.

2. Represents average of the Yield Sectors. Representative of Consumer Staples, Equity REITs, MLPs, Select Financials and Utilities. S&P 500 represents the S&P 500 Index. Equity REITs represent the RMZ Index. Utilities represent the Russell 3000 Utilities Index. Select Financials represents an average of companies in the S5FINL Index with dividend yields greater than 50 basis points higher than the S&P 500 dividend yield as of December 31, 2018. Consumer Staples represent the S5CONS Index. MLPs represent the Alerian MLP Index.

Performance | Delivering Returns and Shareholder Value

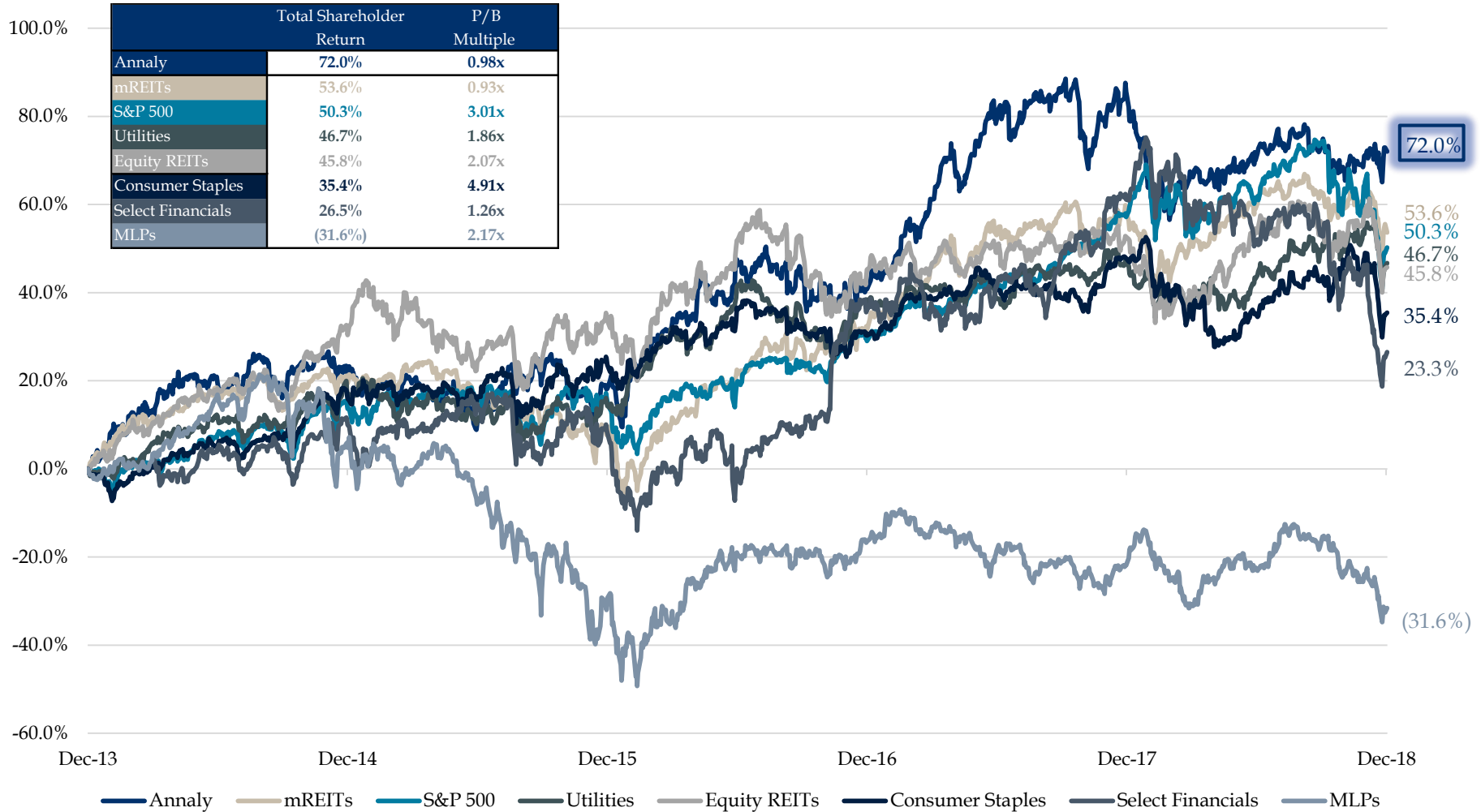
Since inception, Annaly has delivered ~\$17.9 billion in dividends to shareholders⁽¹⁾



1. Data shown from Annaly's initial public offering in October 1997 through December 31, 2018 and includes common and preferred dividends.

Performance | Outperformance vs. the Market & Other Yield Sectors

Annaly has outperformed other yield options since its diversification strategy began in 2014



Source: Bloomberg. Market data shown from December 31, 2013 to December 31, 2018.

Note: S&P 500 represents the S&P 500 Index. mREITs represent the BBREMTG Index. Equity REITs represent the RMZ Index. Utilities represent the Russell 3000 Utilities Index. Select Financials represents an average of companies in the S5FINL Index with dividend yields greater than 50 basis points higher than the S&P 500 dividend yield as of December 31, 2018. Consumer Staples represent the S5CONS Index. MLPs represent the Alerian MLP Index.