

**Annaly Capital Management, Inc. (NYSE: NLY; New York, NY) has agreed to acquire MTGE Investment Corp. (NASDAQ: MTGE; Bethesda, MD)**

**Deal Value: \$900 Million**

**Sandler O'Neill served as a financial advisor and provided a fairness opinion to Annaly Capital Management, Inc. in this transaction. Since 2016, Sandler O'Neill has served as financial advisor to Annaly on three transactions with aggregate transaction value over \$2.3 Billion. Overall, this represents Sandler O'Neill's 221<sup>st</sup> financial services transaction since January 1, 2015, more than any other investment bank during that time period.<sup>1</sup>**

NEW YORK, NEW YORK and BETHESDA, MARYLAND -- Annaly Capital Management, Inc. ("Annaly") (NYSE:NLY) and MTGE Investment Corp. ("MTGE") (Nasdaq: MTGE) today announced the signing of a definitive merger agreement under which Annaly will acquire MTGE for consideration to be paid in cash and shares of Annaly common stock, which values MTGE at \$19.65 per share of MTGE common stock based upon the closing price of Annaly common stock on April 30, 2018. The value of the consideration represents a premium of approximately 12% to the 60-day volume-weighted average price of MTGE common stock ending on April 30, 2018.

Subject to the terms and conditions of the merger agreement, a wholly-owned subsidiary of Annaly will commence an exchange offer to acquire all outstanding shares of MTGE common stock. For each share of MTGE common stock validly tendered in the exchange offer or converted pursuant to the second-step merger described below, MTGE stockholders may elect to receive: (a) \$9.82 in cash and 0.9519 shares of Annaly common stock; (b) \$19.65 in cash (the "Cash Consideration Option"); or (c) 1.9037 shares of Annaly common stock (the "Stock Consideration Option"). MTGE stockholders who elect the Cash Consideration Option or Stock Consideration Option will be subject to proration, in each of the exchange offer and the subsequent second step merger, so that the aggregate consideration will consist of approximately 50% of Annaly's common stock and approximately 50% in cash. In addition to the above consideration, Annaly would assume the existing notional \$55 million in MTGE 8.125% Series A cumulative redeemable preferred stock.

The transactions contemplated by the merger agreement, including the exchange offer and the merger, have been approved by the Board of Directors of Annaly and approved by the Board of Directors of MTGE upon the recommendation of the Special Committee of the MTGE Board of Directors, which is comprised entirely of independent directors (the "MTGE Special Committee").

"This transaction is another milestone in Annaly's successful history as a disciplined, market leading consolidator," commented Kevin Keyes, Chairman, CEO and President of Annaly. "The acquisition of MTGE adds complementary assets across three of our four businesses, deepens the breadth of our investment alternatives, is accretive to earnings and provides immediate cost savings and efficiencies to shareholders. This strategic acquisition further enhances our capital base to support continued growth of our investment platforms and creates tremendous value for both of our companies' shareholders. This marks our third transformative acquisition and solidifies Annaly's position as the market leader in our industry."

Randy Dobbs, Chairman and Lead Independent Director of MTGE, said: "We are excited to have reached an agreement with Annaly for the sale of our company and expect that our stockholders will benefit from the increased diversification, scale and liquidity of the Annaly platform."

### About Annaly:

Annaly is a leading diversified capital manager that invests in and finances residential and commercial assets. Annaly's principal business objective is to generate net income for distribution to its stockholders and to preserve capital through prudent selection of investments and continuous management of its portfolio. Annaly has elected to be taxed as a real estate investment trust, or REIT, for federal income tax purposes. Annaly is externally managed by Annaly Management Company LLC.

### About MTGE Investment Corp.:

MTGE Investment Corp. is a real estate investment trust that invests in and manages a leveraged portfolio of agency mortgage investments, non-agency mortgage investments and other real estate-related investments. The company is externally managed and advised by MTGE Management, LLC, an affiliate of AGNC Investment Corp. (Nasdaq: AGNC).

*(1) Source: S&P Global Market Intelligence; includes all geographies and minority transactions; excludes terminated transactions and self-advisory roles*

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