

DENAHAN WELLINGTON  
 Form 5  
 February 14, 2011

**FORM 5**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
 Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person \*  
 DENAHAN WELLINGTON

2. Issuer Name and Ticker or Trading Symbol  
 ANNALY CAPITAL MANAGEMENT INC [NLY]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
 12/31/2010

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Vice Chairman of Board & CIO

C/O: ANNALY CAPITAL MANAGEMENT, INC., 1211 AVENUE OF THE AMERICAS, SUITE 2902

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

NEW YORK, NY 10036

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
| Common Stock                    |                                      |  |                                | (A) or (D) Price  | 613,263  | D  |                                   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3)     | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) |     | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |                            |
|--|--|--------------------------------------|--|--------------------------------|---|-----|--|-----------------|---|----------------------------|
|  |  |                                      |  |                                | (A)   | (D) | Date Exercisable   | Expiration Date | Title   | Amount or Number of Shares |
| Option to purchase Common Stock <sup>(1)</sup> | \$ 17.97   | Â                                    | Â  | Â                              | Â   | Â   | 08/04/2004   | 08/04/2013      | Common Stock  | 150,000                    |
| Option to purchase Common Stock <sup>(1)</sup> | \$ 17.39   | Â                                    | Â  | Â                              | Â   | Â   | 04/19/2005   | 04/19/2014      | Common Stock  | 150,000                    |
| Option to purchase Common Stock <sup>(1)</sup> | \$ 17.07   | Â                                    | Â  | Â                              | Â   | Â   | 07/07/2006   | 07/07/2015      | Common Stock  | 150,000                    |
| Option to purchase Common Stock <sup>(1)</sup> | \$ 15.7  | Â                                    | Â  | Â                              | Â   | Â   | 05/17/2008   | 05/17/2017      | Common Stock  | 150,000                    |
| Option to purchase Common Stock <sup>(1)</sup> | \$ 16.46   | Â                                    | Â  | Â                              | Â   | Â   | 05/08/2009   | 05/08/2018      | Common Stock  | 200,000                    |
| Option to purchase Common Stock <sup>(1)</sup> | \$ 15.61   | Â                                    | Â  | Â                              | Â   | Â   | 09/19/2009   | 09/19/2018      | Common Stock  | 200,000                    |
| Option to purchase Common Stock <sup>(1)</sup> | \$ 13.25   | Â                                    | Â  | Â                              | Â   | Â   | 04/22/2010   | 04/22/2019      | Common Stock  | 400,000                    |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                              |       |
|---|---------------|-----------|------------------------------|-------|
|   | Director      | 10% Owner | Officer                      | Other |
| DENAHAN WELLINGTON<br>C/O: ANNALY CAPITAL MANAGEMENT, INC.<br>1211 AVENUE OF THE AMERICAS, SUITE 2902<br>NEW YORK, NY 10036 | X             |           | Vice Chairman of Board & CIO |       |

## Signatures

/s/ Wellington  
Denahan-Norris

02/14/2011

\*\*Signature of Reporting Person                      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Options previously granted.

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