

ANNALY CAPITAL MANAGEMENT INC  
 Form 4  
 September 23, 2008

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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

**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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 FARRELL MICHAEL A J

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. Date of Earliest Transaction (Month/Day/Year)  
 09/19/2008

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Pres., Chairman of Board & CEO

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

(Street)

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

6. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

NEW YORK, NY 10036

(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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock					2,021,454	D	
Class A Preferred Stock					1,500	D	
Class A Preferred Stock					2,000 <sup>(1)</sup>	I	Michael Farrell C/F Taylor Carolyn

Class A Preferred Stock	6,000 <u>(1)</u>	I	Farrell Michael Farrell C/F Caitlin Farrell
Class A Preferred Stock	6,200 <u>(1)</u>	I	Michael Farrell C/F Michael Edward Farrell

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**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)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
Option to Purchase Common Stock <u>(2)</u>	\$ 8.63					11/18/2000	11/18/2009	Common Stock	3,413
Option to Purchase Common Stock <u>(2)</u>	\$ 7.94					11/29/2001	11/29/2010	Common Stock	22,500
Option to Purchase Common Stock <u>(2)</u>	\$ 17.97					08/04/2004	08/04/2013	Common Stock	200,000
Option to Purchase Common Stock <u>(2)</u>	\$ 17.39					04/19/2005	04/19/2014	Common Stock	150,000
Option to Purchase	\$ 17.07					07/07/2006	07/07/2015	Common Stock	150,000

Common Stock <u>(2)</u>									
Option to Purchase Common Stock <u>(2)</u>	\$ 11.72					02/13/2007	02/13/2016	Common Stock	150,000
Option to Purchase Common Stock <u>(2)</u>	\$ 15.7					05/17/2008	05/17/2017	Common Stock	150,000
Option to Purchase Common Stock <u>(2)</u>	\$ 16.46					05/08/2009	05/08/2018	Common Stock	200,000
Option to Purchase Common Stock <u>(3)</u>	\$ 15.61	09/19/2008		A	200,000	09/19/2009	09/19/2018	Common Stock	200,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FARRELL MICHAEL A J C/O ANNALY CAPITAL MANAGEMENT, INC. 1211 AVENUE OF THE AMERICAS, STE 2902 NEW YORK, NY 10036	X		Pres., Chairman of Board & CEO	

## Signatures

/s/ Michael AJ  
Farrell

09/23/2008

\*\*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) The reporting person disclaims beneficial ownership of these securities, and this report shall not be deemed an admission that the reporting person is the beneficial owner of such shares for purposes of Section 16 or for any other purpose.
  - (2) Options previously granted.
  - (3) Options vest in four equal annual installments commencing on 09/19/2009.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.