

FARRELL MICHAEL A J  
 Form 4  
 August 10, 2011

**FORM 4**

**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).

**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)  
 08/09/2011

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,  
 SUITE 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 Indirect Beneficial Ownership (Instr. 4)
Common Stock	08/09/2011		M	V	100,000 A \$ 13.25	D	
Class A Preferred Stock					3,500	D	
Class A Preferred Stock					3,500 <sup>(1)</sup>	I	Michael Farrell C/F Taylor

Carolyn  
Farrell

Class A Preferred Stock	8,000 <sup>(1)</sup>	I	By daughter
Class A Preferred Stock	8,200 <sup>(1)</sup>	I	By son

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

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(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 <sup>(2)</sup>	\$ 17.97					08/04/2004      08/04/2013	Common Stock      200,000
Option to purchase Common Stock <sup>(2)</sup>	\$ 17.39					04/19/2005      04/19/2014	Common Stock      150,000
Option to purchase Common Stock <sup>(2)</sup>	\$ 17.07					07/07/2006      07/07/2015	Common Stock      150,000
Option to purchase Common Stock <sup>(2)</sup>	\$ 15.7					05/17/2008      05/17/2017	Common Stock      150,000
Option to purchase Common Stock <sup>(2)</sup>	\$ 16.46					05/08/2009      05/08/2018	Common Stock      200,000

Option to purchase Common Stock <u>(2)</u>	\$ 15.61					09/19/2009	09/19/2018	Common Stock	170,000
Option to purchase Common Stock <u>(2)</u>	\$ 13.25	08/09/2011	M	100,000		04/22/2010	04/22/2019	Common Stock	100,000

## 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, SUITE 2902 NEW YORK, NY 10036	X		Pres., Chairman of Board & CEO	

## Signatures

/s/ Michael AJ  
Farrell

08/09/2011

\*\*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) 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.

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.