

FARRELL MICHAEL A J
 Form 4
 November 25, 2008

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

(Last) (First) (Middle)
 C/O: ANNALY CAPITAL MANAGEMENT, INC., 1211 AVENUE OF THE AMERICAS, SUITE 2902

3. Date of Earliest Transaction (Month/Day/Year)
 11/20/2008

(Street)
 NEW YORK, NY 10036

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

(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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|------------------------------------|
| Common Stock | | | | (A) or (D) | 2,021,454 | D | |
| Class A Preferred Stock | 11/20/2008 | | P | 2,000 A | \$ 17.78 (3) 3,500 | D | |
| Class A Preferred Stock | | | | | 2,000 (1) | I | Michael Farrell C/F Taylor Carolyn |

| | | | |
|-------------------------|----------------------|---|---|
| Class A Preferred Stock | 6,000 ⁽¹⁾ | I | Farrell Michael Farrell C/F Caitlin Farrell |
| Class A Preferred Stock | 6,200 ⁽¹⁾ | I | Michael Farrell C/F Michael Edward Farrell |

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

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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) | 8. De | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Option to purchase Common Stock ⁽²⁾ | \$ 8.63 | | | | | 11/18/2000 | 11/18/2009 | Common Stock | 3,413 |
| Option to purchase Common Stock ⁽²⁾ | \$ 7.94 | | | | | 11/29/2001 | 11/29/2010 | Common Stock | 22,500 |
| Option to purchase Common Stock ⁽²⁾ | \$ 17.97 | | | | | 08/04/2004 | 08/04/2013 | Common Stock | 200,000 |
| Option to purchase Common | \$ 17.39 | | | | | 04/19/2005 | 04/19/2014 | Common Stock | 150,000 |

| | | | | | |
|--|----------|------------|------------|--------------|---------|
| Stock <u>(2)</u> | | | | | |
| Option to purchase Common Stock <u>(2)</u> | \$ 17.07 | 07/07/2006 | 07/07/2015 | Common Stock | 150,000 |
| 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>(2)</u> | \$ 15.61 | 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, SUITE 2902 NEW YORK, NY 10036 | X | | Pres., Chairman of Board & CEO | |

Signatures

/s/ Michael AJ
Farrell 11/20/2008

 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) Multiple executions - purchase price shown represents the weighted average price for all purchases. Execution prices ranged from \$17.56 to \$18.03 per share. The reporting person undertakes to provide upon request full information regarding the number of shares purchased

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at each separate price.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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