

ANNALY CAPITAL MANAGEMENT INC  
 Form 4  
 March 30, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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)  
 C/O ANNALY CAPITAL MANAGEMENT, INC., 1211 AVENUE OF THE AMERICAS, SUITE 2902

3. Date of Earliest Transaction (Month/Day/Year)  
 03/29/2007

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

(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)
			Code	V Amount (A) or (D) Price			
Common Stock	03/29/2007		M	7,500 A \$ 7.94	1,919,554	D	
Class A Preferred Stock					500	D	
Class A Preferred Stock					2,000 <sup>(1)</sup>	I	Michael Farrell C/F Talyor Carolyn

Class A Preferred Stock	6,000 <sup>(1)</sup>	I	Farrell Michael Farrell C/F Caitlin Farrell
Class A Preferred Stock	2,200 <sup>(1)</sup>	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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(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 (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 or Number of Shares
Option to purchase Common Stock <sup>(2)</sup>	\$ 8.13					07/31/1999 07/31/2008	Common Stock 56,900
Option to purchase Common Stock <sup>(2)</sup>	\$ 8.63					11/18/2000 11/18/2009	Common Stock 48,413
Option to purchase Common Stock <sup>(2)</sup>	\$ 7.94	03/29/2007		M	7,500	11/29/2001 11/29/2010	Common Stock 7,500
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	04/20/2005	04/20/2014	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>	\$ 11.72	02/13/2007	02/13/2016	Common Stock	150,000

## 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., Chair & CEO	

## Signatures

Michael A.J. Farrell                      03/30/2007

         Signature of                      Date  
Reporting Person

## 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.