

FAGAN KATHRYN  
Form 4  
August 29, 2006

**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 \*  
FAGAN KATHRYN

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)  
Chief Financial Officer

(Last) (First) (Middle)

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
08/29/2006

(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)
				(A) or (D) Price			
Common Stock					116,178	D	
Common Stock	08/29/2006		M	5,435 A	\$ 5,435 8.63	D	

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

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SEC 1474  
(9-02)

number.

**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 or Number of Shares
Option to purchase Common Stock <sup>(1)</sup>	\$ 17.97					08/04/2004 08/04/2013	Common Stock 50,000
Option to purchase Common Stock <sup>(1)</sup>	\$ 8.63	08/29/2006		M	5,435	11/18/2000 11/18/2009	Common Stock 5,435
Option to purchase Common Stock <sup>(1)</sup>	\$ 17.39					04/20/2005 04/20/2014	Common Stock 50,000
Option to purchase Common Stock <sup>(1)</sup>	\$ 17.07					07/07/2006 07/07/2015	Common Stock 50,000
Option to purchase Common Stock <sup>(1)</sup>	\$ 11.72					02/13/2007 02/13/2016	Common Stock 50,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FAGAN KATHRYN C/O: ANNALY MORTGAGE MANAGEMENT, INC. 1211 AVENUE OF THE AMERICAS, SUITE 2902 NEW YORK, NY 10036			Chief Financial Officer	

## Signatures

/s/ Kathryn

Fagan

08/29/2006

\_\_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

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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