

FARRELL MICHAEL A J
Form 4
August 31, 2006

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)
08/30/2006

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

C/O ANNALY MORTGAGE
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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-------------------------------------|
| | | | | (A) or (D) Price | | | |
| Common Stock | | | | | 1,918,054 | D | |
| Class A Preferred Stock | | | | | 500 | D | |
| Class A Preferred Stock | 08/30/2006 | | P | 200 ⁽¹⁾ A \$ 24.4 | 200 ⁽¹⁾ | I | Michael Farrell, C/F Taylor Carolyn |

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| | | | | | | | | |
|-------------------------|------------|---|---------------------|---|----------|------------------|---|---|
| Class A Preferred Stock | 08/31/2006 | P | <u>1,800</u> (1) | A | \$ 24.8 | 1,800 <u>(1)</u> | I | Farrell Michael Farrell, C/F Taylor Carolyn Farrell |
| Class A Preferred Stock | 08/31/2006 | P | <u>4,900</u> (1) | A | \$ 24.8 | 4,900 <u>(1)</u> | I | Michael Farrell, C/F Caitlin Farrell |
| Class A Preferred Stock | 08/31/2006 | P | <u>1,100</u> (1) | A | \$ 24.81 | 1,100 <u>(1)</u> | I | Michael Farrell, C/F Caitlin Farrell |
| Class A Preferred Stock | 08/31/2006 | P | <u>2,200</u> (1) | A | \$ 24.81 | 2,200 <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.

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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 <u>(2)</u> | \$ 8.13 | | | | | 07/31/1999 | 07/31/2008 | Common Stock | 56,900 |

| | | | | | |
|--|----------|------------|------------|--------------|---------|
| Option to purchase Common Stock ⁽²⁾ | \$ 8.63 | 11/18/2000 | 11/18/2009 | Common Stock | 48,413 |
| Option to purchase Common Stock ⁽²⁾ | \$ 7.94 | 11/29/2001 | 11/29/2010 | Common Stock | 30,000 |
| Option to purchase Common Stock ⁽²⁾ | \$ 17.97 | 08/04/2004 | 08/04/2013 | Common Stock | 200,000 |
| Option to purchase Common Stock ⁽²⁾ | \$ 17.39 | 04/20/2005 | 04/20/2014 | Common Stock | 150,000 |
| Option to purchase Common Stock ⁽²⁾ | \$ 17.07 | 07/07/2006 | 07/07/2015 | Common Stock | 150,000 |
| Option to purchase Common Stock ⁽²⁾ | \$ 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 MORTGAGE MANAGEMENT, INC. 1211 AVENUE OF THE AMERICAS, SUITE 2902 NEW YORK, NY 10036 | X | | Pres., Chair & CEO | |

Signatures

/s/ Michael A.J. Farrell 08/31/2006

^{**}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) 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.

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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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