FARRELL MICHAEL A J
Form 4
March 30, 2011

FORM 4

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

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

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).

(Print or Type Responses)

1. Name and Address of Reporting Person *
FARRELL MICHAEL A J

(Last) (First) (Middle)

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

(Street)

NEW YORK, NY 10036

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ANNALY CAPITAL MANAGEMENT INC [NLY]

3. Date of Earliest Transaction (Month/Day/Year)
03/30/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/30/2011		M		100,000	A	$ 13.25	2,330,367	D	
Class A Preferred Stock								3,500	D	
Class A Preferred Stock								3,500 (1)	I	Michael Farrell C/F Taylor

				Carolyn Farrell
Class A Preferred Stock		8,000 (1)	I	By daughter
Class A Preferred Stock		8,200 (1)	I	By son

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

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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 (2)	$ 17.97							08/04/2004	08/04/2013	Common Stock	200,00
Option to purchase Common Stock (2)	$ 17.39							04/19/2005	04/19/2014	Common Stock	150,00
Option to purchase Common Stock (2)	$ 17.07							07/07/2006	07/07/2015	Common Stock	150,00
Option to purchase Common Stock (2)	$ 15.7							05/17/2008	05/17/2017	Common Stock	150,00
Option to purchase Common Stock (2)	$ 16.46							05/08/2009	05/08/2018	Common Stock	200,00

Option to purchase Common Stock (2)	$ 15.61				09/19/2009	09/19/2018	Common Stock	170,00
Option to purchase Common Stock (2)	$ 13.25	03/30/2011	M	100,000	04/22/2010	04/22/2019	Common Stock	100,00

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	03/30/2011
**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.
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