

FARRELL MICHAEL A J
 Form 4
 January 30, 2012

FORM 4

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

OMB APPROVAL

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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)
 01/27/2012

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

C/O: ANNALY CAPITAL 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 Indirect Ownership (Instr. 4)
Common Stock	01/27/2012		M	6,369 A	\$ 15.7 2,436,736	D	
Common Stock	01/27/2012		M	57,656 A	\$ 15.61 2,494,392	D	
Class A Preferred Stock					3,500	D	
Class A					3,500 ⁽¹⁾	I	Michael

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Preferred Stock						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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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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 of Number of Shares
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					04/19/2005 04/19/2014	Common 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⁾	\$ 15.7	01/27/2012		M	6,369	05/17/2008 05/17/2017	Common Stock 6,369

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	01/27/2012	M	57,656	09/19/2009	09/19/2018	Common Stock	57,656
Option to purchase Common Stock <u>(2)</u>	\$ 13.25				04/22/2010	04/22/2019	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
 01/27/2012

 **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. 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.