

ANNALY CAPITAL MANAGEMENT INC  
 Form 4  
 March 22, 2007

**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 \*  
 DENAHAN WELLINGTON

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)  
 03/21/2007

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Vice Chairman & Chief Inv. Off

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)
			Code	V	Amount	(D)	Price
Common Stock	03/21/2007		M		12,300	A	\$ 8.13
					365,616	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)

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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)	8. P	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option to purchase Common Stock <sup>(1)</sup>	\$ 8.63					11/18/2003	11/18/2009	C/S	30,000
Option to purchase Common Stock <sup>(1)</sup>	\$ 8.13	03/21/2007		M	12,300	07/31/1999	07/31/2008	C/S	12,300
Option to purchase Common Stock <sup>(1)</sup>	\$ 7.94					11/29/2001	11/29/2010	C/S	20,000
Option to purchase Common Stock <sup>(1)</sup>	\$ 17.97					08/04/2004	08/04/2013	C/S	150,000
Option to purchase Common Stock <sup>(1)</sup>	\$ 17.39					04/20/2005	04/20/2014	C/S	150,000
Option to purchase Common Stock <sup>(1)</sup>	\$ 17.07					07/07/2006	07/07/2015	C/S	150,000
Option to purchase Common Stock <sup>(1)</sup>	\$ 11.72					02/13/2007	02/13/2016	C/S	150,000

## Reporting Owners

Reporting Owner Name / Address

**Relationships**

Director 10% Owner Officer

Other

DENAHAN WELLINGTON  
C/O ANNALY MORTGAGE MANAGEMENT,  
INC.  
1211 AVENUE OF THE AMERICAS, SUITE 2902  
NEW YORK, NY 10036

X

Vice Chairman & Chief Inv.  
Off

## Signatures

/s/ Wellington  
Denahan 03/22/2007

\_\_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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