

FARRELL MICHAEL A J  
 Form 5  
 February 15, 2011

**FORM 5**

OMB APPROVAL

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

OMB Number: 3235-0362  
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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).  
 Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL 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

1. Name and Address of Reporting Person \*  
**FARRELL MICHAEL A J**  
  
 (Last) (First) (Middle)

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)  
 Pres., Chairman of Board & CEO

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
 12/31/2010

**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 Reporting  
 (check applicable line)

**NEW YORK, NY 10036**

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)	(A) or (D)	Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	^	^	^	^	^	^	2,230,367	D	^
Class A Preferred Stock	^	^	^	^	^	^	3,500	D	^
	^	^	^	^	^	^	3,500 <sup>(1)</sup>	I	

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Class A Preferred Stock										Michael Farrell C/F Taylor Carolyn Farrell
Class A Preferred Stock	Â	Â	Â	Â	Â	Â	8,000 <sup>(1)</sup>	I		By daughter
Class A Preferred Stock	Â	Â	Â	Â	Â	Â	8,200 <sup>(1)</sup>	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)
					(A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Option to purchase Common Stock <sup>(2)</sup>	\$ 17.97	Â	Â	Â	Â	08/04/2004 08/04/2013	Common Stock 200,000
Option to purchase Common Stock <sup>(2)</sup>	\$ 17.39	Â	Â	Â	Â	04/19/2005 04/19/2014	Common Stock 150,000
Option to purchase Common Stock <sup>(2)</sup>	\$ 17.07	Â	Â	Â	Â	07/07/2006 07/07/2015	Common Stock 150,000
Option to purchase Common Stock <sup>(2)</sup>	\$ 15.7	Â	Â	Â	Â	05/17/2008 05/17/2017	Common Stock 150,000

