

ANNALY CAPITAL MANAGEMENT INC  
Form 424B2  
August 10, 2006

**Filed Pursuant to Rule 424(b)(2)**

**Registration File Nos.: 333-134404 and 333-120920**

**PROSPECTUS SUPPLEMENT**

**August 9, 2006**

**(To Prospectus Dated May 23, 2006)**

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**1,098,500 Shares**

*Annaly Capital Management, Inc.*

**Common Stock**

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Pursuant to a second amended and restated sales agency agreement, dated May 11, 2005, between UBS Securities LLC and us, which has been filed as an exhibit to a report on Form 8-K filed with the Securities and Exchange Commission on May 12, 2005 and is incorporated by reference herein, during the three months ended June 30, 2006, we sold 1,098,500 shares of our common stock, par value \$0.01 per share, through UBS Securities LLC, as our agent, pursuant to the second amended and restated sales agency agreement. Our common stock is listed on the New York Stock Exchange under the symbol NLY. On June 30, 2006, the last reported sales price of our common stock on the NYSE was \$12.81.

This prospectus supplement should be read in conjunction with, and may not be delivered or utilized without, the prospectus, dated May 23, 2006, the prospectus supplement, dated May 11, 2005, the prospectus supplement, dated August 9, 2005, and the prospectus supplement dated November 7, 2005.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus supplements and prospectus. Any representation to the contrary is a criminal offense.**

**UBS Investment Bank**