

ANNALY CAPITAL MANAGEMENT INC  
Form 424B3  
March 05, 2007

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion  
Preliminary Prospectus Supplement dated March 5, 2007

PROSPECTUS SUPPLEMENT  
(To prospectus dated May 23, 2006)

35,000,000 Shares

Annaly Capital Management, Inc.

Common Stock

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We are offering 35,000,000 shares of our common stock to be sold in this offering. We expect to receive approximately \$492.1 million in aggregate gross proceeds plus up to approximately \$73.8 million in additional aggregate gross proceeds if the underwriters' overallotment is exercised in full. The last reported sales price of our common stock on March 1, 2007 was \$14.06 per share.

Our common stock is subject to certain restrictions on ownership designed to preserve our qualification as a real estate investment trust for federal income tax purposes. See "Description of Common Stock and Preferred Stock" on page 4 of the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol "NLY."

Investing in our common stock involves risks that are described under the caption "Risk Factors" beginning on page S-9 and under the caption "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which is incorporated by reference in the accompanying prospectus.

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|                                  | Per Share | Total |
|----------------------------------|-----------|-------|
| Public offering price            | \$        | \$    |
| Underwriting discount            | \$        | \$    |
| Proceeds, before expenses, to us | \$        | \$    |

We have granted the underwriters the option to purchase within 30 days from the date of this prospectus supplement up to an additional 5,250,000 shares of common stock at the public offering price per share, less discounts and commissions, to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about \_\_\_\_\_, 2007.

Merrill Lynch & Co.

Citigroup

UBS Investment Bank

Bear, Stearns & Co. Inc.

Credit Suisse

Keefe, Bruyette & Woods

RBC Capital Markets

The date of this prospectus supplement is \_\_\_\_\_, 2007.

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PROSPECTUS SUPPLEMENT

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