

ANNALY CAPITAL MANAGEMENT INC
Form 10-Q
August 06, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 1-13447

ANNALY CAPITAL MANAGEMENT, INC.
(Exact name of Registrant as specified in its Charter)

MARYLAND
(State or other jurisdiction of incorporation or
organization)

22-3479661
(IRS Employer Identification No.)

1211 AVENUE OF THE AMERICAS, SUITE 2902
NEW YORK, NEW YORK

(Address of principal executive offices)

10036

(Zip Code)

(212) 696-0100

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all documents and reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date:

Class	Outstanding at August 5, 2009
Common Stock, \$.01 par value	544,357,410

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES

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Part I

Item 1. Financial Statements

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 2009 AND DECEMBER 31, 2008
(dollars in thousands, except for share data)

	June 30, 2009 (Unaudited)	December 31, 2008(1)
ASSETS		
Cash and cash equivalents	\$ 1,352,798	\$ 909,353
Reverse repurchase agreements with affiliates	170,916	562,119
Mortgage-Backed Securities, at fair value	65,165,126	55,046,995
Agency debentures, at fair value	616,893	598,945
Available for sale equity securities, at fair value	156,990	52,795
Receivable for Investment Securities sold	412,214	75,546
Accrued interest and dividends receivable	313,772	282,532
Receivable from Prime Broker	16,886	16,886
Receivable for advisory and service fees	10,039	6,103
Intangible for customer relationships, net	11,091	12,380
Goodwill	27,917	27,917
Interest rate swaps, at fair value	7,267	-
Other assets	5,346	6,044
Total assets	\$ 68,267,255	\$ 57,597,615
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	\$ 51,326,930	\$ 46,674,885
Payable for Investment Securities purchased	7,017,444	2,062,030
Accrued interest payable	102,662	199,985
Dividends payable	326,612	270,736
Accounts payable and other liabilities	40,115	8,380
Interest rate swaps, at fair value	722,700	1,102,285
Total liabilities	59,536,463	50,318,301
6.00% Series B Cumulative Convertible Preferred Stock:		
4,600,000 shares authorized 2,604,814 and 3,963,525 shares issued and outstanding, respectively	63,118	96,042
Commitments and contingencies (Note 14)	-	-
Stockholders' Equity:		
7.875% Series A Cumulative Redeemable Preferred Stock:		
7,412,500 shares authorized, issued and outstanding	177,088	177,088
Common stock: par value \$.01 per share; 987,987,500 shares authorized, 544,353,997 and 541,475,366 issued and outstanding, respectively	5,444	5,415

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Additional paid-in capital	7,668,988	7,633,438
Accumulated other comprehensive income	1,362,134	252,230
Accumulated deficit	(545,980)	(884,899)
Total stockholders' equity	8,667,674	7,183,272
Total liabilities, Series B Cumulative Convertible Preferred Stock and stockholders' equity	\$ 68,267,255	\$ 57,597,615

(1) Derived from the audited consolidated statement of financial condition at December 31, 2008.

See notes to consolidated financial statements.

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ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(dollars in thousands, except per share amounts)

(Unaudited)

	For the Quarter Ended June 30, 2009	For the Quarter Ended June 30, 2008	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2008
Interest income	\$ 710,401	\$ 773,359	\$ 1,426,416	\$ 1,564,487
Interest expense	322,596	442,251		