ANTHRACITE CAPITAL INC
Form 424B3
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Registration No. 333-151389

PROSPECTUS

23,375 Shares of 12% Series E-1 Cumulative Convertible Redeemable Preferred Stock

23,375 Shares of 12% Series E-2 Cumulative Convertible Redeemable Preferred Stock

23,375 Shares of 12% Series E-3 Cumulative Convertible Redeemable Preferred Stock

3,494,021 Shares of Common Stock

Shares of Common Stock Issuable upon Conversion of the Series E Preferred Stock

This prospectus relates to the resale from time to time by the selling securityholder of 23,375 shares of 12% Series E-1 Cumulative Convertible Redeemable Preferred Stock, par value $0.001 and liquidation preference $1,000 per share (the Series E-1 Preferred Stock), 23,375 shares of 12% Series E-2 Cumulative Convertible Redeemable Preferred Stock, par value $0.001 and liquidation preference $1,000 per share (the Series E-2 Preferred Stock), 23,375 shares of 12% Series E-3 Cumulative Convertible Redeemable Preferred Stock, par value $0.001 and liquidation preference $1,000 per share (the Series E-3 Preferred Stock and, together with the Series E-1 Preferred Stock and the Series E-2 Preferred Stock, the Series E Preferred Stock), 3,494,021 shares of our common stock, par value $0.001 per share (our common stock), and the shares of our common stock issuable upon conversion of the Series E Preferred Stock.

The Series E Preferred Stock and common stock, including the shares of common stock issuable upon the conversion of the Series E Preferred Stock, are collectively referred to in this prospectus as the offered securities.

On April 4, 2008, we issued the offered securities in a private transaction exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended (the Securities Act).

The offered securities are being registered to permit the selling securityholder to sell the offered securities from time to time in the public market. The selling securityholders may sell any or all of the offered securities available to it for sale, subject to federal securities laws, but is under no obligation to do so.

The selling securityholders may sell the offered securities through ordinary brokerage transactions or through any means described in this prospectus. The price at which the selling securityholder may sell the offered securities will be determined by the prevailing market for the offered securities or in negotiated transactions. See Plan of Distribution.

Our common stock is listed on The New York Stock Exchange under the symbol AHR. The closing sale price of our common stock on The New York Stock Exchange on June 17, 2008 was $8.82 per share. The Series E Preferred Stock is not listed on any securities exchange or included in any automatic quotation system.

Investing in the offered securities involves risks that are described in the Risk Factors section of this prospectus beginning on page 6 and the risk factors incorporated herein by reference from our annual and quarterly reports filed with the Securities and Exchange Commission, or SEC. You should carefully read and consider these risk factors before you invest in our securities.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS OR ANY ACCOMPANYING PROSPECTUS SUPPLEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is June 17, 2008

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ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may inspect without charge any documents filed by us at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of these materials from the SEC upon the payment of certain fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are available to the public through the SEC s website at http://www.sec.gov.

The SEC allows us to incorporate by reference documents we file with the SEC into this prospectus, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered part of this prospectus. Any statement in this prospectus or incorporated by reference into this prospectus shall be automatically modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in a subsequently filed document that is incorporated by reference into this prospectus modifies or supersedes such prior statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We incorporate by reference into this prospectus the documents listed below and all documents we subsequently file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, after the date of this prospectus and until the selling securityholder has sold all of the securities to which this prospectus relates.

Our Annual Report on Form 10-K for the year ended December 31, 2007, filed on March 13, 2008;

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, filed on May 15, 2008;

Our Definitive Proxy Statement on Schedule 14A that we filed with the SEC on April 14, 2008;

Our Current Reports on Form 8-K filed on January 31, 2008, February 21, 2008, March 4, 2008, April 4, 2008, April 7, 2008, April 16, 2008 and June 10, 2008; and

The description of our common stock included in our registration statement on Form 8-A, filed on March 9, 1998.

These documents are available at http://www.sec.gov.

You may request a copy of these filings, at no cost, by writing or telephoning us at:

Anthracite Capital, Inc.

40 East 52nd Street

New York, New York 10022

Telephone: (212) 810-3333

You should rely only upon the information provided in this document, or incorporated in this document by reference. We have not authorized anyone to provide you with different information. You should not assume that the information in this document, including any information incorporated by reference, is accurate as of any date other than the date indicated on the front cover or the date given in the applicable document.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to future financial or business performance, strategies or expectations.

Forward-looking statements are typically identified by words or phrases such as trend, opportunity, pipeline, believe, comfortable, expect, anticipate, current, intention, estimate, position, assume, potential, outlook, continue, remain, maintain, sustain, seek, expressions, or future or conditional verbs such as will, would, should, could, may or similar expressions. We caution that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements, and future results could differ materially from historical performance.

In addition to factors previously disclosed in our SEC reports and those identified elsewhere in this prospectus, the following factors, among others, could cause actual results to differ materially from those anticipated in forward-looking statements or historical performance:

1. the introduction, withdrawal, success and timing of business initiatives and strategies;

2. changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in the value of our assets;

3. the relative and absolute investment performance and operations of BlackRock Financial Management, Inc., our manager;

4. the impact of increased competition;

5. the impact of future acquisitions and divestitures;

6. the unfavorable resolution of legal proceedings;

7. the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us or our manager;

8. terrorist activities and international hostilities, which may adversely affect the general economy, domestic and global financial and capital markets, specific industries and us;

9. the ability of our manager to attract and retain highly talented professionals;

10. fluctuations in foreign currency exchange rates; and

11. the impact of changes to tax legislation and, generally, our tax position.

Our Annual Report on Form 10-K for the year ended December 31, 2007 and our subsequent reports filed with the SEC, accessible on the SEC s website at http://www.sec.gov, identify additional factors that can affect forward-looking statements.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because it is a summary, it does not include all of the information you should consider before deciding to purchase the offered securities. Please review this entire prospectus and the documents incorporated by reference herein, including the risk factors discussed below, before you to decide to purchase the offered securities. In this prospectus, unless otherwise indicated, Anthracite, the Company, we, us and our refer to Anthracite Capital, Inc. and its subsidiaries.

Anthracite Capital, Inc.

We are a specialty finance company that invests in commercial real estate assets on a global basis. We seek to generate income from the spread between the interest income, gains and net operating income on our commercial real estate assets and the interest expense from borrowings to finance our investments. Our primary activities are investing in high yielding commercial real estate debt and equity. We combine traditional real estate underwriting and capital markets expertise to maximize the opportunities arising from the continuing integration of these two disciplines. We focus on acquiring pools of performing loans in the form of commercial mortgage-backed securities (CMBS), issuing secured debt backed by CMBS and providing strategic capital for the commercial real estate industry in the form of mezzanine loan financing. We also began investing in diversified portfolios of commercial real estate in the United States during December 2005.

Our primary investment activities are conducted in three investment sectors: (i) commercial real estate securities, (ii) commercial real estate loans and (iii) commercial real estate equity. The commercial real estate securities portfolio provides diversification and high yields that are adjusted for anticipated losses over a period of time (typically, a ten-year weighted average life) and can be financed through the issuance of secured debt that matches the life of the investment. Commercial real estate loans and equity provide attractive risk adjusted returns over shorter periods of time through strategic investments in specific property types or regions.

We are a Maryland corporation, managed by BlackRock Financial Management, Inc., or the manager, a subsidiary of BlackRock, Inc., or BlackRock. The manager provides an operating platform that incorporates significant asset origination, risk management and operational capabilities. We commenced operations on March 24, 1998. We are organized and conduct our operations in a manner intended to qualify as a real estate investment trust, or REIT, for federal income tax purposes. We have adopted compliance guidelines, including restrictions on acquiring, holding, and selling assets, to ensure that we meet the requirements for qualification as a REIT. Our charter also contains restrictions on ownership of our common stock to assist us in maintaining our qualification as a REIT. See Federal Income Tax Considerations and Risk Factors.

Our principal executive offices are located at 40 East 52nd Street, New York, New York 10022, and our telephone number is (212) 810-3333. Our website is http://www.anthracitecapital.com. The information on our website is not considered part of this prospectus. Copies of the documents referred to in this prospectus and all documents incorporated by reference herein (other than the exhibits to such documents unless the exhibits are specifically incorporated herein by reference in the documents that this prospectus incorporate by reference) may be obtained without charge upon written or oral request to Anthracite Capital, Inc. at the address and telephone number under Additional Information.

About the Manager

BlackRock is one of the world s largest publicly traded (NYSE:BLK) investment management firms. As of March 31, 2008, its assets under management were approximately $1.364 trillion. BlackRock manages assets on behalf of institutions and individuals worldwide through a variety of equity, fixed income, cash management and alternative investment products. BlackRock Financial Management, Inc. is a subsidiary of BlackRock.

The Series E Preferred Stock

The summary below highlights information contained elsewhere in this prospectus. This summary is not a complete description of the Series E Preferred Stock. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the Series E Preferred Stock and the common stock issuable upon conversion of the Series E Preferred Stock, see the section entitled Description of the Series E Preferred Stock and Description of Capital Stock in this prospectus. As used in this section, references to the Company, we, us and our refer only to Anthracite Capital, Inc. and do not include its subsidiaries.

Issuer	Anthracite Capital, Inc.
Securities Offered by the Selling Securityholder	(i) 23,375 shares of 12% Series E-1 Cumulative Convertible Redeemable Preferred Stock, par value $0.001 per share. (ii) 23,375 shares of 12% Series E-2 Cumulative Convertible Redeemable Preferred Stock, par value $0.001 per share. (iii) 23,375 shares of 12% Series E-3 Cumulative Convertible Redeemable Preferred Stock, par value $0.001 per share.
Liquidation Preference	In the event of our liquidation, each holder of Series E Preferred Stock then outstanding shall be entitled to receive out of our assets legally available for distribution to stockholders an amount equal to the greater of (i) $1,000 (the liquidation preference) per share, plus any accumulated but unpaid dividends thereon, and (ii) the amount that the holder would have been entitled to receive if a share of the holder s Series E Preferred Stock had been converted into shares of our common stock immediately prior to the liquidation.
Dividends	Holders of the Series E Preferred Stock are entitled to receive, when, as and if declared by our board of directors, out of funds legally available therefore, cash dividends at the rate of 12% per annum on the liquidation preference per share, accruing from the beginning of the relevant dividend period and payable in quarterly arrears on February 1, May 1, August 1, and November 1 of each year commencing May 1, 2008. Unpaid dividends compound quarterly at the rate of 12% per annum.
Ranking	The Series E Preferred Stock are, with respect to dividend rights and rights upon liquidation, dissolution or winding up: senior to all classes of our common stock and each other class of equity securities the terms of which provide that such class or series will rank junior to the Series E Preferred Stock; on parity with all equity securities the terms of which expressly provide that such securities will rank on a parity with the Series E Preferred Stock, including our 9.375% Series C Cumulative Redeemable Preferred Stock (the Series C Preferred Stock) and 8.25% Series D Cumulative Redeemable Preferred Stock (the Series D Preferred Stock); and

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junior to all equity securities the terms of which specifically provide that such securities will rank senior to the Series E Preferred Stock.

Conversion Rights

Each share of Series E Preferred Stock may be converted at any time at the option of the holder into a number of shares of our common stock equal to the liquidation preference per share of Series E Preferred Stock divided by the conversion price. The current conversion price is equivalent to an initial conversion rate of 133.46146 shares of common stock for each share of Series E Preferred Stock.

Mandatory Conversion at Our Option

On or after April 4, 2013, we may cause the Series E Preferred Stock to be automatically converted into shares of our common stock at the conversion rate then in effect if the closing sale price of our common stock for 20 trading days within a period of 30 consecutive trading days ending on the trading day before we give the notice of forced conversion exceeds 140% of the conversion price of the Series E Preferred Stock.

Repurchase at the Option of the Holder

Holders of Series E-1 Preferred Stock have the right to require us to repurchase their shares on or after April 4, 2012 for cash at a per share amount equal to the liquidation preference per share, plus an amount equal to all declared but unpaid dividends to but excluding the repurchase date as described under Description of the Series E Preferred Stock Repurchase at the Option of the Holder.

Holders of Series E-2 Preferred Stock have the right to require us to repurchase their shares on or after April 4, 2013 for cash at a per share amount equal to the liquidation preference per share, plus an amount equal to all declared but unpaid dividends to but excluding the repurchase date as described under Description of the Series E Preferred Stock Repurchase at the Option of the Holder.

Holders of Series E-3 Preferred Stock do not have the right to require us to repurchase their shares at their option.

Repurchase upon Fundamental Change

If we undergo certain change of control transactions, holders of shares of Series E Preferred Stock have the right, subject to certain conditions, to require us to repurchase all of their Preferred Stock for cash, in whole but not in part, at specified repurchase prices (expressed as a percentage of the liquidation preference per share), plus an amount equal to all declared but unpaid dividends to but excluding the repurchase date as described under Description of the Preferred Stock Repurchase upon Fundamental Change at the Option of the Holder.

Redemption at Our Option

On and after April 4, 2013, we may, at our option, redeem shares of the Series E Preferred Stock, in whole or in part, at any time and from time to time, for cash at a per share amount equal to the liquidation

	preference per share, plus an amount equal to all declared but unpaid dividends to but excluding the redemption date, as described under Description of the Series E Preferred Stock Redemption at Our Option.
Special Redemption at Our Option	We may, at our option, redeem shares of the Series E Preferred Stock, in whole or in part, at any time (including before April 4, 2013) and from time to time, for cash at a per share amount equal to the liquidation preference per share, plus an amount equal to all declared but unpaid dividends to but excluding the redemption date, solely to preserve our status as a REIT; provided, however, that if, after April 4, 2008, we issue preferred stock, we will first redeem the preferred stock held by such later investors before redeeming any shares of Series E Preferred Stock, as described under Description of the Series E Preferred Stock Special Redemption at Our Option.
Voting Rights	Each holder of the Series E Preferred Stock will have one vote for each share of common stock into which each share of the Series E Preferred Stock is convertible.

Holders of the Series E Preferred Stock (voting together as a single class alone) have the right to elect one person to our board of directors, so long as more than 50.0% of the Series E Preferred Stock, in the aggregate, have been continuously owned by the initial holder.

Whenever dividends on the Series E Preferred Stock are in arrears for six or more quarterly periods (whether or not consecutive), then, the holders of the Series E Preferred Stock (voting together as a single class with all of our other equity securities upon which like voting rights have been conferred and are exercisable) shall be entitled to elect a total of two additional directors to our board of directors.

Ownership Limit	In order to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes, pursuant to our charter, unless our board grants an exception, no person may own, or be deemed to own by virtue of the attribution rules of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code or the Code), more than 9.8% of the value of our outstanding capital stock, subject to certain exceptions. See Federal Income Tax Considerations and Risk Factors Restrictions on ownership of our common stock may inhibit market activity. In connection with the issuance of the Series E Preferred Stock, our board of directors granted an exception to the initial holder from the ownership limitation. We agreed to grant an exception to transferees (i) that are not individuals within the meaning of Section 542(a)(2) of the Code, as modified by Seciton 856(h) of the Code, (ii) whose ownership of the Series E Preferred Stock would not cause us to (a) fail to qualify as a REIT or (b) be a pension-held REIT , and (iii) that provide us with certain undertakings, as described under Description of Series E Preferred Stock Ownership Limit.
NYSE Symbol for Our Common Stock	Our common stock is listed on The New York Stock Exchange under the symbol AHR.

Use of Proceeds	The selling securityholder will receive all the proceeds from the sale of the securities offered under this prospectus. We will not receive any proceeds from these sales.
Risk Factors	You should carefully consider the information set forth under the heading Risk Factors in this prospectus, as well as the other information included in or incorporated by reference into this prospectus before deciding whether to invest in the offered securities.

RISK FACTORS

An investment in the offered securities involves a high degree of risk. You should carefully consider the following information, together with the other information contained in this prospectus and other documents that are incorporated by reference into this prospectus, including the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2007, and any risk factors set forth in our other filings with the SEC, pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act before making a decision to invest in the offered securities.

Risks Related to the Offered Securities

We may issue additional shares of preferred stock that could adversely affect holders of shares of our common stock and, as a result, holders of the Series E Preferred Stock.

Our board of directors is authorized to issue additional classes or series of shares of our preferred stock without any action on the part of our stockholders, subject to the limitations set forth in the applicable certificate of designations governing any outstanding series of preferred stock. Our board of directors also has the power, without stockholder approval and subject to the terms of our existing series of preferred stock, to set the terms of any such classes or series of shares of our preferred stock that may be issued, including voting rights, dividend rights, conversion features, preferences over shares of our common stock with respect to dividends or if we liquidate, dissolve or wind up our business and other terms. If we issue shares of our preferred stock in the future that have preference over shares of our common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue shares of our preferred stock with voting rights that dilute the voting power of shares of our common stock, the rights of holders of shares of our common stock or the trading price of shares of our common stock and, as a result, the market value of our Series E Preferred Stock could be adversely affected.

Holders of our common stock may experience dilution of their ownership interests due to registration for resale of the Series E Preferred Stock and the common stock issuable upon conversion thereof and any future issuance of additional shares of our common stock.

We are registering for resale an aggregate of 23,375 shares of our Series E-1 Preferred Stock, 23,375 shares of our Series E-2 Preferred Stock and 23,375 shares of our Series E-3 Preferred Stock, in each case as designated by the applicable Articles Supplementary filed with the State of Maryland on April 4, 2008, and 12,853,007 shares of our common stock, including 9,358,986 that are issuable upon conversion of the Series E Preferred Stock. We may also in the future issue additional shares of our authorized and unissued common stock in connection with compensation of our Manager, future acquisitions, future private placements of our securities for capital raising purposes, or for other business purposes, all of which will result in the dilution of the ownership interests of holders of our common stock. Issuance of additional shares of common stock may also create downward pressure on the trading price of our existing common stock that may in turn require us to issue additional shares to raise funds through sales of our securities. This will further dilute the ownership interests of holders of our common stock.

The Series E Preferred Stock does not have an established trading market, which may negatively affect its market value and your ability to transfer or sell your shares. We cannot assure you that an active trading market will develop for the Series E Preferred Stock.

The Series E Preferred Stock has no established trading market, and we have not applied and do not intend to apply for the listing of the Series E Preferred Stock on any securities exchange or for the inclusion of the Series E Preferred Stock on any automated quotation system. Consequently, a liquid trading market for the Series E Preferred Stock may not develop and the market price of the Series E Preferred Stock may be volatile. As a result, you may be unable to sell your shares of Series E Preferred Stock at a price equal to or greater than that which you paid, if at all.

The market price of the Series E Preferred Stock could be significantly affected by the market price of our common stock.

We expect that the market price of the Series E Preferred Stock will be significantly affected by the market price of our common stock. The market price of our common stock likely will continue to fluctuate in response to factors including the following:

- the other risk factors described in or incorporated by reference into this prospectus;
- prevailing interest rates;
- the market for similar securities;
- additional issuances of common stock;
- general economic conditions; and
- our financial condition, performance and prospects, including our ability or inability to meet analyst expectations.

Most of these factors are beyond our control. In addition, the stock markets in general, including The New York Stock Exchange, have experienced price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may affect adversely the market prices of the notes and our common stock.

Sales of a significant number of shares of our common stock in the public markets, or the perception of such sales, could depress the market price of the Series E Preferred Stock.

Sales of a substantial number of shares of our common stock or other equity-related securities in the public markets, including the issuance of common stock upon conversion of the Series E Preferred Stock or the vesting of restricted stock or options, could depress the market price of the notes, our Series E Preferred Stock, or both, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock or the value of the Series E Preferred Stock. In addition, the existence of the Series E Preferred Stock also may encourage short selling by market participants because the conversion of the Series E Preferred Stock could depress our common stock price.

The price of our common stock could be affected by possible sales of our common stock by investors who view the Series E Preferred Stock as a more attractive means of equity participation in us and by hedging or arbitrage trading activity which we expect to occur involving our common stock. This hedging or arbitrage could, in turn, affect the market price of the Series E Preferred Stock.

Restrictions on ownership of our stock may inhibit market activity.

In order for us to meet the requirements for qualification as a REIT at all times, our charter generally prohibits any person from acquiring or holding, directly or indirectly, shares of capital stock in excess of 9.8% (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of any class of our capital stock. Our charter further prohibits (i) any person from beneficially or constructively owning shares of capital stock that would result in our being closely held under Section 856(h) of the Code or would otherwise cause us to fail to qualify as a REIT, and (ii) any person from transferring shares of capital stock if such transfer would result in shares of capital stock being beneficially owned by fewer than 100 persons. If any transfer of shares of capital stock occurs which, if effective, would result in a violation of one or more ownership limitations, then that number of shares of capital stock, the beneficial or constructive ownership of which otherwise would cause such person to violate such limitations (rounded to the nearest whole share) shall be automatically transferred to a trustee of a trust for the exclusive benefit of one or more charitable beneficiaries, and the intended transferee may not acquire any rights in such shares; provided, however, that if any transfer

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occurs which, if effective, would result in shares of capital stock being owned by fewer than 100 persons, then the transfer shall be null and void and the intended transferee shall acquire no rights to the stock. Subject to certain limitations, our board of directors may waive the limitations for certain investors.

The provisions of our charter or relevant Maryland law may inhibit market activity and the resulting opportunity for the holders of our stock to receive a premium for their stock that might otherwise exist in the absence of such provisions. Such provisions also may make us an unsuitable investment vehicle for any person seeking to obtain ownership of more than 9.8% of the outstanding shares of our stock of any class.

Material provisions of the Maryland General Corporation Law (MGCL), including those relating to business combinations and a control share acquisition, and of our charter and bylaws may also have the effect of delaying, deterring or preventing a takeover attempt or other change in control of us that would be beneficial to stockholders and might otherwise result in a premium over then prevailing market prices. Although our bylaws contain a provision exempting the acquisition of our common stock by any person from the control share acquisition statute, there can be no assurance that such provision will not be amended or eliminated at any time in the future.

The conversion rate of the Series E Preferred Stock may not be adjusted for all dilutive events, which may adversely affect the trading price of the Series E Preferred Stock.

The conversion rate of the Series E Preferred Stock is subject to adjustment for certain events, including the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, certain cash dividends and certain issuer tender or exchange offers as described under Description of the Series E Preferred Stock Conversion Rights Conversion Rate Adjustments. However, the conversion rate will not be adjusted for other events, such as certain exchange offers or an issuance of common stock for cash, that may adversely affect the trading price of the notes or our common stock. An event that adversely affects the value of the notes may occur, and the event may not result in an adjustment to the conversion rate.

You may have to pay taxes if we make or fail to make certain adjustments to the conversion rate of the Series E Preferred Stock even though you do not receive a corresponding cash distribution.

The conversion rate of the Series E Preferred Stock is subject to adjustment for certain events arising from stock splits and combinations, stock dividends and certain other actions by us that modify our capital structure. See Description of the Series E Preferred Stock Conversion Rights Conversion Rate Adjustments. If, for example, the conversion rate is adjusted as a result of a distribution that is taxable to our common stockholders, you may be required to include an amount in income for U.S. federal income tax purposes, notwithstanding the fact that you do not receive a corresponding cash distribution. In addition, a failure to adjust (or to adjust adequately) the conversion rate after an event that has the effect of increasing your proportionate interest in our company could be treated as a deemed taxable dividend to you. The amount that you would have to include in income generally will be equal to the amount of the distribution that you would have received if you had converted your Series E Preferred Stock into our common stock.

If you are a non-U.S. holder (as defined in Federal Income Tax Considerations), a deemed dividend could be subject to U.S. federal withholding tax at a 30% rate, or such lower rate as may be specified by an applicable treaty, which could be set off against subsequent distribution payments. See Federal Income Tax Considerations.

We cannot assure you that we will not be required to withhold on payments to non-U.S. holders of Series E Preferred Stock in connection with a sale, exchange, redemption, repurchase, conversion, or other disposition of Series E Preferred Stock based on the facts and circumstances at the time.

Although we believe that currently the Series E Preferred Stock do not constitute U.S. real property interests and we therefore do not currently intend to withhold under the Foreign Investment in Real Property Tax Act, or FIRPTA, we cannot assure you that the Series E Preferred Stock will not constitute U.S. real property

interests depending on the facts in existence at the time of any sale, exchange, redemption, repurchase, conversion or other disposition of a share of Series E Preferred Stock. If the Series E Preferred Stock were to constitute U.S. real property interests, withholding under FIRPTA on payments to non-U.S. holders in connection with such a sale, exchange, redemption, repurchase, conversion or other disposition of Series E Preferred Stock may be required regardless of whether such non-U.S. holders provided certification documenting their non-U.S. status. See Federal Income Tax Considerations.

We may not be able to pay dividends upon events of default under our financing documents.

Some of our financing documents contain restrictions on dividends upon the occurrence of events of default thereunder. If such an event of default occurs, such as our failure to pay principal at maturity or interest when due for a specified period of time, we would be prohibited from making payments on our capital stock, including our common stock.

The taxable mortgage pool rules may increase the taxes that we or our stockholders may incur, and may limit the manner in which we effect future securitizations.

Certain of our securitizations have resulted in the creation of taxable mortgage pools for federal income tax purposes. As a REIT, so long as we own 100% of the equity interests in a taxable mortgage pool, we would generally not be adversely affected by the characterization of the securitization as a taxable mortgage pool. Certain categories of stockholders, however, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax-exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend income from us that is attributable to the taxable mortgage pool. In addition, to the extent that our stock is owned by tax-exempt disqualified organizations, such as certain government-related entities and charitable remainder trusts that are not subject to tax on unrelated business income, under recently issued IRS guidance, we may incur a corporate level tax on a portion of our income from the taxable mortgage pool. In that case, we may reduce the amount of our distributions to any disqualified organization whose stock ownership gave rise to the tax. See Federal Income Tax Considerations Taxation of Anthracite Capital, Inc. Taxable Mortgage Pools and Excess Inclusion Income and Federal Income Tax Considerations Taxation of Stockholders Taxation of Tax-Exempt Stockholders. Moreover, we could be precluded from selling equity interests in these securitizations to outside investors, or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions.

USE OF PROCEEDS

All sales of offered securities will be made by or for the account of the selling securityholder named in this prospectus, in any supplement to this prospectus or in an amendment to the registration statement of which this prospectus forms a part. We will not receive any proceeds from the sale by any selling securityholder of the offered securities.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND

PREFERRED STOCK DIVIDENDS

The historical ratio of earnings to combined fixed charges and preferred stock dividends for the periods indicated is as follows:

	Three months ended March 31,	Year ended December 31,				
	2008	2007	2006	2005	2004	2003
Ratio of earnings to combined fixed charges and preferred stock dividends	1.86	1.20	1.26	1.34	1.16	

For the purpose of calculating the above ratios, earnings represent:

- income from continuing operations before adjustment for income or loss from equity investees; plus
- fixed charges; plus
- amortization of capitalized expenses related to indebtedness; plus
- distributed income of equity investees; minus
- preferred stock dividend requirements of consolidated subsidiaries.

Combined fixed charges and preferred stock dividends represent:

- interest expensed; plus
- amortized premiums, discounts and capitalized expenses related to indebtedness; plus
- preferred stock dividend requirements of consolidated subsidiaries.

The ratios are based solely on historical financial information, and no pro forma adjustments have been made thereto. For the year ended December 31, 2003, earnings were insufficient to cover combined fixed charges and preferred stock dividends by $20.2 million.

DESCRIPTION OF CAPITAL STOCK

The following is a description of our capital stock and certain provisions of our charter, bylaws and certain provisions of applicable law. The following is only a summary and is qualified by applicable law and by the provisions of our charter and bylaws, copies of which are available as set forth under Additional Information.

Authorized Capital Stock

The authorized capital stock of Anthracite Capital, Inc. consists of 500,000,000 shares of capital stock, 400,000,000 of such shares being common stock, par value $0.001 per share, and 100,000,000 shares being preferred stock, par value $0.001 per share, issuable in one or more series.

As of May 2, 2008, 68,938,283 shares of our common stock were issued and outstanding, 2,300,000 shares of our 9.375% Series C Cumulative Redeemable Preferred Stock were issued and outstanding, 3,450,000 shares of our 8.25% Series D Cumulative Redeemable Preferred Stock were issued and outstanding, 23,375 shares of our 12% Series E-1 Cumulative Convertible Redeemable Preferred Stock were issued and outstanding, 23,375 shares of our 12% Series E-2 Cumulative Convertible Redeemable Preferred Stock were issued and outstanding and 23,375 shares of our 12% Series E-3 Cumulative Convertible Redeemable Preferred Stock were issued and outstanding. No warrants to purchase our common stock or preferred stock are issued and outstanding.

Common Stock

Voting Rights. Each holder of common stock is entitled to one vote for each share held on all matters to be voted upon by our stockholders, subject to the provisions of our charter regarding the ownership of shares of common stock in excess of the ownership limitations described below under Restrictions on Ownership and Transfer of Our Capital Stock; Repurchase of Shares.

Dividends. The holders of outstanding shares of common stock, subject to any preferences that may be applicable to any outstanding series of preferred stock, are entitled to receive ratably such dividends out of assets legally available for that purpose at such times and in such amounts as our board of directors may from time to time determine.

Liquidation and Dissolution. Upon our liquidation or dissolution, the holders of the common stock will be entitled to share ratably in our assets legally available for distribution to stockholders after payment of, or provision for, all known debts and liabilities and subject to the prior rights of any holders of any preferred stock then outstanding.

Other Rights. Holders of the common stock generally have equal dividend, distribution, liquidation and other rights, and shall have no preference, conversion, exchange, appraisal, preemptive or cumulative voting rights. All outstanding shares of common stock are duly authorized, fully paid and nonassessable.

Transfer Agent and Registrar. American Stock Transfer & Trust Company, New York, New York, acts as transfer agent and registrar for the common stock.

Preferred Stock

We are authorized to issue 100,000,000 shares of preferred stock. As of May 2, 2008, 2,300,000 shares of our 9.375% Series C Cumulative Redeemable Preferred Stock were issued and outstanding, 3,450,000 shares of our 8.25% Series D Cumulative Redeemable Preferred Stock were issued and outstanding, 23,375 shares of our 12% Series E-1 Cumulative Convertible Redeemable Preferred Stock were issued and outstanding, 23,375 shares of our 12% Series E-2 Cumulative Convertible Redeemable Preferred Stock were issued and outstanding and 23,375 shares of our 12% Series E-3 Cumulative Convertible Redeemable Preferred Stock were issued and outstanding. Our board of directors has the authority, without further action by the stockholders, to issue shares of preferred stock in one or more series and to fix the number of shares, dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking funds, and any other rights, preferences, privileges and restrictions applicable to each such series of preferred stock.

Restrictions on Ownership and Transfer of Our Capital Stock; Repurchase of Shares

Two of the requirements for qualification as a real estate investment trust are that:

(1) during the last half of each taxable year for which a REIT election is made, other than the first taxable year for which a REIT election is made, not more than 50% in value of the outstanding shares may be owned directly or indirectly by five or fewer individuals. This requirement is known as the 5/50 Rule ; and

(2) there must be at least 100 stockholders on 335 days of each taxable year of 12 months, other than the first taxable year for which a REIT election is made.

To assist us in meeting these requirements, our charter generally prohibits any person from acquiring or holding, directly or indirectly, in excess of 9.8%, in value or in number of shares, whichever is more restrictive, of the number of our outstanding shares of common stock or any class of preferred stock. For this purpose, the term ownership is defined in accordance with the REIT Provisions of the Internal Revenue Code and the constructive ownership provisions of Section 544 of the Internal Revenue Code, as modified by Section 856(h)(1)(B) of the Internal Revenue Code. Subject to certain limitations, our board of directors may modify the ownership limitations provided such action does not affect our qualification as a REIT.

For purposes of the 5/50 Rule, the constructive ownership provisions applicable under Section 544 of the Internal Revenue Code

(1) attribute ownership of securities owned by a corporation, partnership, estate or trust proportionately to its stockholders, partners or beneficiaries,

(2) attribute ownership of securities owned by certain family members to other members of the same family, and

(3) treat securities with respect to which a person has an option to purchase as actually owned by that person.

These rules will be applied in determining whether a person holds shares of common stock or preferred stock in violation of the ownership limitations specified in our charter. Accordingly, under certain circumstances, shares of common stock or preferred stock owned by a person who individually owns less than 9.8% of the shares outstanding may nevertheless be in violation of the ownership limitations specified in our charter. Ownership of shares of stock through such attribution is generally referred to as constructive ownership. The 100 stockholder test is generally determined by actual, and not constructive, ownership.

Our charter further provides that if any transfer of shares of stock which, if effective, would

(1) result in any person beneficially or constructively owning shares of stock in excess or in violation of the 9.8% ownership limitations described above,

(2) result in our stock being beneficially owned by fewer than 100 persons, determined without reference to any rules of attribution, or

(3) result in us being closely held under Section 856(h) of the Internal Revenue Code,

then that number of shares of common or preferred stock the beneficial or constructive ownership of which otherwise would cause such person to violate such limitations, rounded to the nearest whole shares, shall be automatically transferred to a trustee as trustee of a trust for the exclusive benefit of one or more charitable beneficiaries, and the intended transferee shall not acquire any rights in such shares. Shares of common or preferred stock held by the trustee shall be issued and outstanding shares of common or preferred stock. The intended transferee shall not benefit economically from owning any shares held in the trust, shall have no rights to dividends, and shall possess no rights to vote or other rights attributable to the shares held in the trust. The trustee shall have all voting rights and rights to dividends or other distributions with

respect to shares held in the trust, which will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid to the intended transferee before our discovery that shares of common or preferred stock have

been transferred to the trustee shall be paid with respect to such shares to the trustee by the intended transferee upon demand and any dividend or other distribution authorized but unpaid shall be paid to the trustee. Our board of directors may, in its discretion, modify these restrictions on owning shares in excess of the ownership limitations, to the extent such modifications do not affect our qualification as a REIT.

Within 20 days of receiving notice from us that shares of common or preferred stock have been transferred to the trust, the trustee shall sell the shares held in the trust to a person, designated by the trustee, whose ownership of the shares will not violate the ownership limitations specified in our charter. Upon such sale, the interest of the charitable beneficiary in the shares sold shall terminate and the trustee shall distribute the net proceeds of the sale to the intended transferee and to the charitable beneficiary as follows: The intended transferee shall receive the lesser of (1) the price paid by the intended transferee for the shares or, if the intended transferee did not give value for the shares in connection with the event causing the shares to be held in the trust, e.g., in the case of a gift, devise or other such transaction, the market price, as defined below, of the shares on the day of the event causing the shares to be held in the trust, and (2) the price per share received by the trustee from the sale or other disposition of the shares held in the trust. Any net sales proceeds in excess of the amount payable to the intended transferee shall be immediately paid to the charitable beneficiary. In addition, shares of common or preferred stock transferred to the trustee shall be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price per share in the transaction that resulted in such transfer to the trust or, in the case of a devise or gift, the market price at the time of such devise or gift, and (2) the market price on the date we, or our designee, accept such offer. We shall have the right to accept such offer until the trustee has sold shares held in the trust. Upon such a sale to us, the interest of the charitable beneficiary in the shares sold shall terminate and the trustee shall distribute the net proceeds of the sale to the intended transferee.

The term market price on any date shall mean, with respect to any class or series of outstanding shares of our stock, the closing price, as defined below, for such shares on such date. The closing price on any date shall mean the last sale price for such shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such shares, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on The New York Stock Exchange or, if such shares are not listed or admitted to trading on The New York Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such shares are listed or admitted to trading or, if such shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc., Automated Quotation Systems, or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such shares selected by our board of directors or, in the event that no trading price is available for such shares, the fair market value of the shares, as determined in good faith by our board of directors.

Every owner of more than 5%, or such lower percentage as required by the Internal Revenue Code or the regulations promulgated under the Internal Revenue Code, of the outstanding shares or any class or series of our stock, within 30 days after the end of each taxable year, is required to give written notice to us stating the name and address of such owner, the number of shares of each class and series of our stock beneficially owned and a description of the manner in which such shares are held. Each owner of more than 5% shall provide to us additional information as we may request in order to determine the effect, if any, of such beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limitations.

Material Provisions of Maryland Law and of Our Charter and Bylaws

The following is a summary of the material provisions of the MGCL, as amended from time to time, and of our charter and bylaws. It does not restate the material provisions completely. We urge you to read our charter and bylaws. See Additional Information. For a description of additional restrictions on transfer of the common stock, see Restrictions on Ownership and Transfer of Our Capital Stock; Repurchase of Shares.

Removal of Directors

Our charter provides that a director may be removed from office at any time for cause by the affirmative vote of the holders of at least two-thirds of the votes of the shares entitled to be cast in the election of directors.

Our board has elected to opt in to a corporate governance provision providing that each vacancy on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum. For a more detailed description, see Corporate Governance.

Staggered Board

Our charter and bylaws divide the board of directors into three classes of directors, each class constituting approximately one-third of the total number of directors, with the classes serving staggered three-year terms. The classification of the board of directors will make it more difficult for stockholders to change the composition of the board of directors because only a minority of the directors can be elected at any one time. The classification provisions could also discourage a third party from accumulating our stock or attempting to obtain control of us, even though this attempt might be beneficial to us and some, or a majority, of our stockholders. Accordingly, under certain circumstances stockholders could be deprived of opportunities to sell their shares of common stock or preferred stock at a higher price than might otherwise be available.

Furthermore, as described under Corporate Governance, our board may classify itself without the vote of stockholders. Such classification cannot be altered by a charter amendment, thereby making it more difficult for stockholders to change the composition of the board because they cannot veto the board s classification.

Business Combinations

Under the MGCL, certain business combinations including a merger, consolidation, share exchange or, in some circumstances, an asset transfer or issuance or reclassification of equity securities, between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. An interested stockholder is defined in the MGCL as any person who beneficially owns 10% or more of the voting power of the corporation s shares or an affiliate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation. During the five year period, any applicable business combination must be recommended by the board of directors of that corporation and approved by the affirmative vote of at least:

(a) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

(b) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom, or with whose affiliate, the business combination is to be effected, unless, among other conditions, the corporation s common stockholders receive a minimum price, as defined in the MGCL, for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. The MGCL does not apply, however, to business combinations that are approved or exempted by the board of directors of the corporation before the interested stockholder becomes an interested stockholder.

Control Share Acquisitions

The MGCL provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock owned by the acquirer, by officers or by directors who are employees of the corporation. Control shares are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct

the exercise of voting power, except solely by virtue of a revocable proxy, would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

(1) one-tenth or more but less than one-third,

(2) one-third or more but less than a majority or

(3) a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions, including an undertaking to pay expenses, may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares, except those for which voting rights have previously been approved, for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply:

to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction; or

to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our shares of common stock. We cannot give any assurance that such provision will not be amended or eliminated at any time in the future.

Corporate Governance

The MGCL provides that Maryland corporations that are subject to the Exchange Act and have at least three outside directors can elect by resolution of the board of directors to be subject to some corporate governance provisions that may be inconsistent with the corporation s charter and bylaws. Under the applicable statute, a board of directors may classify itself without the vote of stockholders. A board of directors classified in that manner cannot be altered by amendment to the charter of the corporation. Further, the board of directors may, by electing into the applicable statutory provisions and notwithstanding the charter or bylaws:

provide that a special meeting of stockholders will be called only at the request of stockholders entitled to cast at least a majority of the votes entitled to be cast at the meeting;

reserve for itself the right to fix the number of directors;

provide that a director may be removed only by the vote of the holders of two-thirds of the stock entitled to vote; and

retain for itself sole authority to fill vacancies created by an increase in the size of the board or by the death, removal or resignation of a director.

Our board has elected into the last of the foregoing provisions providing that each vacancy on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum. A director elected to fill a vacancy under this provision will

serve for the balance of the unexpired term instead of until the next annual meeting of stockholders. A board of directors may implement all or any of these provisions without amending the charter or bylaws and without stockholder approval. A corporation may be prohibited by its charter or by resolution of its board of directors from electing any of the provisions of the statute. We are not prohibited from implementing any or all of the statute. If implemented, these provisions could discourage offers to acquire our stock and could increase the difficulty of completing an offer to acquire our stock.

Amendment to the Charter

We reserve the right from time to time to make any amendment to our charter that is authorized by law at present or in the future, including any amendment which alters the contract rights as expressly stated in our charter, of any shares of outstanding stock. Our charter may be amended only by the affirmative vote of holders of shares entitled to cast at least a majority of all the votes entitled to be cast on the matter; provided, however, that provisions relating to the indemnification of our present and former directors and officers, our election to be taxed as a REIT, the removal of directors for cause and our dissolution may be amended only by the affirmative vote of a majority of the board of directors and the holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast in the election of directors.

Dissolution of Anthracite

Our dissolution must be approved by the affirmative vote of at least two-thirds of all of the votes ordinarily entitled to be cast in the election of directors, voting together as a single class, and the affirmative vote of holders of at least two-thirds of any series or class of stock expressly granted a series or class vote on our dissolution in the resolutions providing for such series or class. Before such vote, the dissolution must be approved by a majority of the board of directors.

Advance Notice of Director Nominations and New Business

The bylaws provide that

(a) with respect to an annual meeting of stockholders, nominations of persons for election to the board of directors and the proposal of business to be considered by stockholders may be made only

(1) pursuant to our notice of the meeting,

(2) by the board of directors, or

(3) by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures specified in the bylaws, and