

Armour Residential REIT, Inc.  
 Form 4  
 April 04, 2011

**FORM 4**

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

OMB APPROVAL

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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).

**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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**PAPERIN STEWART J**

2. Issuer Name and Ticker or Trading Symbol  
**Armour Residential REIT, Inc.  
 [ARR]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**3001 OCEAN DRIVE, SUITE #201**  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**03/31/2011**

Director  10% Owner  
 Officer (give title below)  Other (specify below)

**VERO BEACH, FL 32963**

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**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)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Instr. 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	(Instr. 5)
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	03/31/2011	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	06/30/2011	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	09/30/2011	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	12/31/2011	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	03/31/2012	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	06/30/2012	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	09/30/2012	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	12/31/2012	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	03/31/2013	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	06/30/2013	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom Stock <u>(1)</u> <u>(2)</u>	<u>(3)</u>	09/30/2013	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>					
Phantom	<u>(3)</u>	12/31/2013	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common	188	<u>(3)</u>					

Stock <sup>(1)</sup> <u>(2)</u>								Stock		
Phantom Stock <sup>(1)</sup> <u>(2)</u>	<u>(3)</u>	03/31/2014	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>	
Phantom Stock <sup>(1)</sup> <u>(2)</u>	<u>(3)</u>	06/30/2014	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>	
Phantom Stock <sup>(1)</sup> <u>(2)</u>	<u>(3)</u>	09/30/2014	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>	
Phantom Stock <sup>(1)</sup> <u>(2)</u>	<u>(3)</u>	12/31/2014	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>	
Phantom Stock <sup>(1)</sup> <u>(2)</u>	<u>(3)</u>	03/31/2015	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>	
Phantom Stock <sup>(1)</sup> <u>(2)</u>	<u>(3)</u>	06/30/2015	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>	
Phantom Stock <sup>(1)</sup> <u>(2)</u>	<u>(3)</u>	09/30/2015	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	188	<u>(3)</u>	
Phantom Stock <sup>(1)</sup> <u>(2)</u>	<u>(3)</u>	12/31/2015	A	188	<u>(1)(2)</u>	<u>(1)(2)</u>	Common Stock	178	<u>(3)</u>	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PAPERIN STEWART J 3001 OCEAN DRIVE SUITE #201 VERO BEACH, FL 32963	X			

## Signatures

/s/ Stewart J.  
Paperin

04/04/2011

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The reporting person was granted an aggregate of 3,750 shares of phantom stock under ARMOUR Residential REIT, Inc.'s 2009 Stock Incentive Compensation Plan pursuant to a vesting schedule described below. 188 shares of the reporting person's phantom stock vested on March 31, 2011 with an additional 188 shares of phantom stock vesting on the last day of each fiscal quarter until September 30, 2015. On December 31, 2015, 178 shares will vest, at which time all phantom stock will be vested.
- Upon termination of the reporting person's service with ARMOUR, all phantom shares which have not vested prior to or concurrently with such termination will be forfeited by the reporting person; provided, however, that the phantom shares will vest if the termination is due to death, disability, termination without cause, or retirement after age 62. The phantom shares will automatically vest upon a change in control of ARMOUR. The reporting person will be entitled to an equal number of shares of ARMOUR common stock within 30 days of vesting. The reporting person also has the right to elect to receive the amount of cash necessary to pay and income taxes instead of some of the shares of ARMOUR common stock. With respect to each phantom share, the reporting person will receive a cash payment in an amount equal to the cash dividend distributions paid in the ordinary course on a share of ARMOUR common stock.
- (2)
- (3) Each unit of phantom stock is the economic equivalent of one share of ARMOUR common stock.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.