

Zimmer Jeffrey J
 Form 4
 March 21, 2013

FORM 4

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

OMB APPROVAL

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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 *
 Zimmer Jeffrey 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)
 03/18/2013

Director 10% Owner
 Officer (give title below) Other (specify below)
 Co-CEO/Pres/Co-V Chairman

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 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)	Code	V	Amount	(D)	Price

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

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 (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 Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Instr. 8)	(Instr. 8)	(Instr. 8)	(Instr. 8)	(Instr. 8)	(Instr. 8)	(Instr. 8)
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	03/31/2013	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	06/30/2013	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	09/30/2013	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	12/31/2013	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	03/31/2014	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	06/30/2014	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	09/30/2014	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	12/31/2014	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	03/31/2015	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	06/30/2015	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	09/30/2015	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	
Phantom Stock <u>(1)</u> <u>(2)</u> <u>(3)</u>	<u>(4)</u>	12/31/2015	A		26,504		<u>(1)(2)(3)</u>	<u>(1)(2)(3)</u>	Common Stock	26,504	

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reporting person's phantom stock will vest on March 31, 2013 with an additional 26,504 shares of phantom stock vesting on the last day of each fiscal quarter until September 30, 2017. On December 31, 2017, 26,500 shares will vest, at which time all phantom stock will be vested. The reporting person will be entitled to an equal number of shares of ARMOUR common stock within 30 days of vesting.

Upon termination of the reporting person's service with ARMOUR Residential Management LLC ("ARRM"), ARMOUR's manager, or the termination of the Management Agreement between ARMOUR and ARRM, all phantom shares which have not vested prior to or

(2) 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 also has the right to elect to receive the amount of cash necessary to pay any income taxes instead of some of the

(3) 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.

(4) Each unit of phantom stock is the economic equivalent of one share of ARMOUR common stock.

75,104 of the 530,076 phantom shares granted to the reporting person are subject to the approval by ARMOUR's stockholders of an amendment to the Incentive Plan increasing the number of shares available to be awarded under the Incentive Plan from 2,000,000 shares to 3.0% of ARMOUR's issued and outstanding shares of common stock (on a fully-diluted basis) at the time of each award thereunder

(5) (the "Incentive Plan Amendment"). In the event that ARMOUR's stockholders do not approve the Incentive Plan Amendment by June 30, 2014, 75,104 of the phantom shares, consisting of 26,500 phantom shares scheduled to vest on December 31, 2017, the 26,504 phantom shares scheduled to vest on September 30, 2017 and 22,100 of the phantom shares scheduled to vest on June 30, 2017 (collectively, the "Contingent Phantom Shares"), shall become null and void.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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