

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 2/9/2021

Print your name ▶ JAMES R. MOUNTAIN Title ▶ CHIEF FINANCIAL OFFICER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	JOYCE M. KLINEWSKI		2/4/21		P01223511
	Firm's name ▶ DELOITTE TAX LLP	Firm's EIN ▶ 86-1065772		Phone no. 215-299-4566	
	Firm's address ▶ 30 ROCKEFELLER PLAZA NEW YORK, NY 10112				

Armour Residential REIT, Inc.

Return of Capital (Nontaxable Distribution) to Common Shareholders

Attachment to Form 997

Consult your tax advisor regarding the U.S. Federal, State, Local and Foreign tax consequences of the return of capital distributions made during 2013 - 2019.

Part II – Organizational Action

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

Armour Residential REIT, Inc. ("ARR") made cash distributions in calendar years 2013, 2014, 2015, 2016, 2017, 2018, and 2019 to each of its common stock shareholders. As of each calendar year end, it was determined that a portion of these distributions represented a non-dividend distribution to the common shareholders, as originally reported on Form 1099-DIV for each applicable year.

Line 15. Describe the quantitative effect of the organizational action based on the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The distributions made by ARR to its common shareholders during the calendar years 2013, 2014, 2015, 2016, 2017, 2018, and 2019 were not fully taxable as dividends under IRC Section 301(c)(2) and thus were applied first against stock basis as a return of capital. To the extent that such portion, together with other such distributions made during any of taxable years listed above, exceeded the shareholder's basis in the stock at the end of such taxable year, the excess was treated as gain from the sale or exchange of the stock. The distributions that were not taxable as dividends under IRC Section 301(c)(2) on a per share basis are as follows:

Distribution Date	Distribution Per Share	Per Share Amount Not Treated as Dividend
1/30/2013	\$0.080000	\$0.015509
2/27/2013	\$0.080000	\$0.015509
3/27/2013	\$0.080000	\$0.015509
4/29/2013	\$0.070000	\$0.013570
5/30/2013	\$0.070000	\$0.013570
6/27/2013	\$0.070000	\$0.013570
7/30/2013	\$0.070000	\$0.013570
8/29/2013	\$0.070000	\$0.013570
9/27/2013	\$0.070000	\$0.013570
10/28/2013	\$0.050000	\$0.009693
11/27/2013	\$0.050000	\$0.009693
12/27/2013	\$0.050000	\$0.009693
01/30/2014	\$0.050000	\$0.007150
02/27/2014	\$0.050000	\$0.007150
03/28/2014	\$0.050000	\$0.007150
04/29/2014	\$0.050000	\$0.007150
05/29/2014	\$0.050000	\$0.007150
06/27/2014	\$0.050000	\$0.007150
07/30/2014	\$0.050000	\$0.007150

08/29/2014	\$0.050000	\$0.007150
09/29/2014	\$0.050000	\$0.007150
10/30/2014	\$0.050000	\$0.007150
11/26/2014	\$0.050000	\$0.007150
12/30/2014	\$0.050000	\$0.007150
01/27/2015	\$0.320000	\$0.073200
02/27/2015	\$0.320000	\$0.073200
03/27/2015	\$0.320000	\$0.073200
04/27/2015	\$0.320000	\$0.073200
05/27/2015	\$0.320000	\$0.073200
06/29/2015	\$0.320000	\$0.073200
07/27/2015	\$0.320000	\$0.073200
08/27/2015	\$0.330000	\$0.075490
09/28/2015	\$0.330000	\$0.075490
10/27/2015	\$0.330000	\$0.075490
11/27/2015	\$0.330000	\$0.075490
12/30/2015	\$0.330000	\$0.075490
01/27/2016	\$0.330000	\$0.269130
02/26/2016	\$0.330000	\$0.269130
03/28/2016	\$0.330000	\$0.269130
04/27/2016	\$0.270000	\$0.220200
05/27/2016	\$0.220000	\$0.179420
06/29/2016	\$0.220000	\$0.179420
07/27/2016	\$0.220000	\$0.179420
08/29/2016	\$0.220000	\$0.179420
09/27/2016	\$0.220000	\$0.179420
10/27/2006	\$0.220000	\$0.179420
11/27/2016	\$0.220000	\$0.179420
12/28/2016	\$0.220000	\$0.179420
01/30/2017	\$0.190000	\$0.169000
02/27/2017	\$0.190000	\$0.169000
03/30/2017	\$0.190000	\$0.169000
04/28/2017	\$0.190000	\$0.169000
05/30/2017	\$0.190000	\$0.169000
06/29/2017	\$0.190000	\$0.169000
07/27/2017	\$0.190000	\$0.169000
08/28/2017	\$0.190000	\$0.169000
09/28/2017	\$0.190000	\$0.169000
10/27/2017	\$0.190000	\$0.169000
11/27/2017	\$0.190000	\$0.169000
12/28/2017	\$0.190000	\$0.169000
01/29/2018	\$0.190000	\$0.158470
02/27/2018	\$0.190000	\$0.158470
03/28/2018	\$0.190000	\$0.158470
04/27/2018	\$0.190000	\$0.158470
05/30/2018	\$0.190000	\$0.158470
06/28/2018	\$0.190000	\$0.158470
07/27/2018	\$0.190000	\$0.158470
08/28/2018	\$0.190000	\$0.158470
09/27/2018	\$0.190000	\$0.158470
10/29/2018	\$0.190000	\$0.158470
11/27/2018	\$0.190000	\$0.158470
12/27/2018	\$0.190000	\$0.158470

01/28/2019	\$0.190000	\$0.108000
02/28/2019	\$0.190000	\$0.108000
03/27/2019	\$0.190000	\$0.108000
04/29/2019	\$0.190000	\$0.108000
05/28/2019	\$0.190000	\$0.108000
06/27/2019	\$0.190000	\$0.108000
07/29/2019	\$0.170000	\$0.096630
08/27/2019	\$0.170000	\$0.096630
09/27/2019	\$0.170000	\$0.096630
10/28/2019	\$0.170000	\$0.096630
11/27/2019	\$0.170000	\$0.096630
12/27/2019	\$0.170000	\$0.096630

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

ARR's earnings and profits were calculated under IRC Section 312 as modified by IRC Section 857(d) for real estate investment trusts. Distributions in excess of the portion of the earnings and profits allocable to the common shares reduce the shareholder's tax basis in its shares to the extent of such basis.

In each calendar year listed above, earnings and profits were first allocated to ARR's preferred classes of stockholders as applicable.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRS Sections 301, 312, and 316.

Line 18. Can any resulting loss be recognized?

No.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The reportable tax years are 2013, 2014, 2015, 2016, 2017, 2018, and 2019.

At close of business on July 31, 2015, ARR effected a 1-for-8 reverse stock split for its outstanding shares of common stock. The amounts listed above for years 2013 and 2014 have not been adjusted to reflect this reverse stock split.