

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
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| OMB Number: | 3235-0287 |
| Estimated average burden hours per response: | 0.5 |

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|---|---|---|
| 1. Name and Address of Reporting Person* <u>HOLLIHAN JOHN P III</u> (Last) (First) (Middle) 3001 OCEAN DRIVE SUITE 201 (Street) VERO BEACH FL 32963 (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>Armour Residential REIT, Inc. [ARR]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below) |
| | 3. Date of Earliest Transaction (Month/Day/Year) 03/31/2012 | |
| | 4. If Amendment, Date of Original Filed (Month/Day/Year) | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> 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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|--|--|---|--|-------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | | Title |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 03/31/2012 | | A | | 315 | | (1)(2) | (1)(2) | Common Stock | 315 | (3) | 315 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 06/30/2012 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 378 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 09/30/2012 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 441 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 12/31/2012 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 504 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 03/31/2013 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 567 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 06/30/2013 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 630 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 09/30/2013 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 693 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 12/31/2013 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 756 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 03/31/2014 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 819 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 06/30/2014 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 882 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 09/30/2014 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 945 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 12/31/2014 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 1,008 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 03/31/2015 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 1,071 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 06/30/2015 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 1,134 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 09/30/2015 | | A | | 63 | | (1)(2) | (1)(2) | Common Stock | 63 | (3) | 1,197 ⁽¹⁾ | D | |
| Phantom Stock ⁽¹⁾⁽²⁾ | (3) | 12/31/2015 | | A | | 53 ⁽²⁾ | | (1)(2) | (1)(2) | Common Stock | 53 | (3) | 1,250 ⁽¹⁾ | D | |

Explanation of Responses:

1. The reporting person was granted an aggregate of 1,250 shares of phantom stock under ARMOUR Residential REIT, Inc.'s 2009 Stock Incentive Compensation Plan pursuant to a vesting schedule described below. 315 shares of the reporting person's phantom stock vested on March 31, 2012 with an additional 63 shares of phantom stock vesting on the last day of each fiscal quarter until September 30, 2015. On December 31, 2015, 53 shares will vest, at which time all phantom stock will be vested. The 1,250 shares of phantom stock is in addition to the 3,750 shares of phantom stock granted to the reporting person and subject to a five-year vesting schedule, which began on March 31, 2011. The 3,750 shares of phantom stock were separately reported on a Form 4 filed by the reporting person on April 4, 2011.
2. 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 any 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.
3. Each unit of phantom stock is the economic equivalent of one share of ARMOUR common stock.

/s/ John P. Hollihan III

04/03/2012

** Signature of Reporting Person

Date

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

* 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).

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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