

JAVELIN MORTGAGE INVESTMENT CORP.
Form SC TO-T/A
March 23, 2016

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

SCHEDULE TO
TENDER OFFER STATEMENT UNDER SECTION 14(D)(1) OR 13(E)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No. 5)

JAVELIN MORTGAGE INVESTMENT CORP.
(Name of Subject Company (Issuer))

JMI ACQUISITION CORPORATION
ARMOUR RESIDENTIAL REIT, INC.
SCOTT J. ULM
JEFFREY J. ZIMMER
JAMES R. MOUNTAIN
MARK GRUBER
DANIEL C. STATON
MARC H. BELL
THOMAS K. GUBA
STEWART J. PAPERIN
JOHN P. HOLLIHAN, III
ROBERT C. HAIN
(Name of Filing Persons (Offerors))

Common Stock, par value \$0.001
(Title of Class of Securities)

47200B104
(CUSIP Number of Class of Securities)

James R. Mountain

Chief Financial Officer

ARMOUR Residential REIT, Inc.

3001 Ocean Drive, Suite 201

Vero Beach, Florida 32963

Tel: (772) 617-4340

Fax: (561) 348-2408

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Filing Person)

Copy to:

Bradley D. Houser, Esq.

Christina C. Russo, Esq.

Akerman LLP

Three Brickell City Centre

98 Southeast Seventh Street

Miami, Florida 33131

Tel: (305) 374-5600

Fax: (305) 374-5095

Calculation of Filing Fee

Transaction Valuation	Amount of Filing Fee
\$85,558,842.11 ⁽¹⁾	\$8,615.78 ⁽²⁾⁽³⁾

- (1) Estimated for purposes of calculating the filing fee only. The transaction value was calculated by multiplying 11,866,691 shares of common stock, par value \$0.001 per share, of JAVELIN Mortgage Investment Corp. outstanding by the estimated tender offer price of \$7.21 per share as of March 4, 2016. The calculation was made on the basis of the cash to be paid if all securities being sought are purchased and the offer expires on April 1, 2016.
- (2) Calculated in accordance with Rule 0-11, as modified by Fee Advisory Rate #1 for fiscal year 2016, issued August 2015, which is calculated by multiplying the Transaction Valuation by 0.0001007.
- (3) Previously paid in connection with the Schedule TO filed on March 7, 2016.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:	\$8,615.78.	Filing Party: Corporation.
Form or Registration No.:	TO.	Date Filed: March 7, 2016.

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- | | |
|--|---|
| <input type="checkbox"/> third-party tender offer subject to Rule 14d-1. | <input type="checkbox"/> going-private transaction subject to Rule 13e-3. |
| <input type="checkbox"/> issuer tender offer subject to Rule 13e-4. | <input type="checkbox"/> amendment to Schedule 13D under Rule 13d-2. |

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- o Rule 13e-4(i) (Cross-Border Issuer Tender Offer).
 - o Rule 14d-1(d) (Cross-Border Third-Party Tender Offer).
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This Amendment No. 5 (the Amendment No. 5) amends and supplements the Tender Offer Statement and Schedule 13E-3 Transaction Statement (as amended from time to time, the Schedule 13E-3) filed under cover of Schedule TO by ARMOUR Residential REIT, Inc. (ARMOUR), a Maryland corporation, and JMI Acquisition Corporation (Acquisition), a Maryland corporation and a wholly-owned subsidiary of ARMOUR, with the Securities and Exchange Commission (the SEC) on March 7, 2016, as amended and supplemented by Amendment No. 1 to the Schedule TO filed by ARMOUR and Acquisition with the SEC on March 10, 2016, Amendment No. 2 to the Schedule TO filed by ARMOUR and Acquisition with the SEC on March 15, 2016, and Amendment No. 3 to the Schedule TO filed by ARMOUR and Acquisition with the SEC on March 18, 2016, and Amendment No. 4 to the Schedule TO filed by ARMOUR and Acquisition with the SEC on March 21, 2016 (as amended from time to time, the Schedule TO). The Schedule TO relates to the offer (the Tender Offer) by Acquisition to purchase all of the outstanding shares of common stock, par value \$0.001 per share (Common Stock), of JAVELIN Mortgage Investment Corp. (JAVELIN or the Company), a Maryland corporation, for \$7.18 per share of Common Stock in cash (the Tender Offer Price), which is equal to 87% of the book value per share of the Common Stock (BVPS) as of 5:00 P.M., New York City time, on the date that was ten (10) business days prior to the expiration of the Tender Offer, which was March 18, 2016 (the Calculation Date), net to the seller, but subject to any required withholding taxes, in accordance with the Agreement and Plan of Merger dated as of March 1, 2016, among ARMOUR, Acquisition and JAVELIN (the Merger Agreement). The terms of the Tender Offer, and the conditions to which it is subject, are set forth in an Offer to Purchase dated March 7, 2016 (the Offer to Purchase), and the related Letter of Transmittal (the Letter of Transmittal, which together with the Offer to Purchase, as each of them may be amended, supplemented or modified from time to time, contain the terms of the Tender Offer), copies of which are attached as Exhibits (a)(1)(i) and (a)(1)(ii), respectively, to the Schedule TO. All capitalized terms used in this Amendment No. 5 without definition have the meanings ascribed to them in the Offer to Purchase.

All information contained in the Offer to Purchase, as amended below, and the accompanying Letter of Transmittal, including the schedules thereto, is hereby incorporated herein by reference in response to items in the Schedule TO and Schedule 13E-3.

Except as expressly amended and supplemented by this Amendment No. 5, neither the Schedule TO, Schedule 13E-3 nor the Offer to Purchase shall be amended, supplemented or otherwise modified hereby.

The items of the Schedule TO and Schedule 13E-3 set forth below are supplemented and amended by this Amendment No. 5 as follows:

Amendments to Schedule TO:

Item 2. Subject Company Information.

Item 2 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under The Tender Offer Section 7. Price Range of Shares; Dividends, which information, as amended and supplemented below, is incorporated herein by reference. The information set forth in the Offer to Purchase under The Tender Offer Section 7. Price Range of Shares; Dividends, after the last table therein is amended and supplemented to add the following:

None of ARMOUR, Acquisition or Messrs. Mountain, Gruber, Bell, Hollihan, Guba, Hain and Paperin have purchased shares of JAVELIN Common Stock during the past two years.

The following table presents information regarding purchases of shares of JAVELIN Common Stock by Mr. Ulm during 2015. Mr. Ulm did not purchase any shares of JAVELIN Common Stock during 2014.

	Total Number of Shares Purchased	Range of Per Share Prices Paid	Weighted Average Per Share Price
First Quarter 2015	15,000	\$8.95-\$9.89	\$9.26
Second Quarter 2015	20,000	\$7.39-\$7.61	\$7.50
Third Quarter 2015	10,000	\$7.35-\$7.37	\$7.36
Fourth Quarter 2015	10,000	\$6.35-\$6.45	\$6.41
Total	55,000		

The following table presents information regarding purchases of shares of JAVELIN Common Stock by Mr. Zimmer during 2015. Mr. Zimmer did not purchase any shares of JAVELIN Common Stock during 2014.

	Total Number of Shares Purchased	Range of Per Share Prices Paid	Weighted Average Per Share Price
First Quarter 2015	15,250	\$8.53-9.90	\$9.10
Second Quarter 2015	30,000	\$7.36-7.48	\$7.43
Third Quarter 2015	41,000	\$6.49-7.19	\$6.75
Fourth Quarter 2015	–	\$–	\$–
Total	86,250		

The following table presents information regarding purchases of shares of JAVELIN Common Stock by Mr. Staton during 2015. Mr. Staton did not purchase any shares of JAVELIN Common Stock during 2014.

	Total Number of Shares Purchased	Range of Per Share Prices Paid	Weighted Average Per Share Price
First Quarter 2015	–	\$–	\$–
Second Quarter 2015	10,000	\$7.30-\$7.48	\$7.37
Third Quarter 2015	–	\$–	\$–
Fourth Quarter 2015	–	\$–	\$–
Total	10,000		

Item 3. Identity and Background of Filing Person.

Item 3 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under The Tender Offer Section 10. Information about Acquisition and ARMOUR, as amended below under Item 8. Interest in Securities of the Subject Company, to the Schedule TO, and is incorporated herein by reference.

Item 3 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under The Tender Offer Section 10. Information about Acquisition and ARMOUR, which information, as amended below, is incorporated herein by reference. The information set forth in the Offer to Purchase under The Tender Offer Section 10. Information about Acquisition and ARMOUR in the sixth full paragraph therein is hereby amended and restated in its entirety to read as follows:

The name, current principal occupation or employment and five-year employment history of each of the directors and executive officers of Acquisition and ARMOUR, including Messrs. Ulm, Zimmer, Mountain, Gruber, Staton, Bell, Guba, Paperin, Hollihan and Hain, and the nature of their affiliations with ARMOUR and JAVELIN, are set forth in Schedule I to this Offer to Purchase. Each director and officer is a U.S. citizen with a business address of c/o ARMOUR Residential REIT, Inc., 3001 Ocean Drive, Suite 201, Vero Beach, Florida 32963, and business telephone number of (772) 617-4340.

Item 5. Past Contracts, Transactions, Negotiations and Agreements.

Item 5 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under Special Factors Section 1. Background of the Tender Offer; Past Contacts; Negotiations and Transactions, which information, as amended and supplemented below, is incorporated herein by reference. The information set forth in the Offer to Purchase under Special Factors Section 1. Background of the Tender Offer; Past Contacts; Negotiations and Transactions, is hereby amended and supplemented to add the following after the last paragraph therein:

ACM, the external manager of JAVELIN and an affiliate of JAVELIN, also manages ARMOUR's day-to-day operations, subject to the direction and oversight of the ARMOUR board of directors pursuant to a Management Agreement dated as of November 6, 2009 (as amended and restated, the ARMOUR Management Agreement). The ARMOUR Management Agreement runs through June 18, 2022 and is thereafter automatically renewed for an additional five-year term unless terminated under certain circumstances. Either party must provide 180 days prior written notice of any such termination.

Pursuant to the ARMOUR Management Agreement, ACM is entitled to receive a management fee payable monthly in arrears. Currently, the monthly management fee is 1/12th of the sum of (a) 1.5% of gross equity raised up to \$1.0 billion plus (b) 0.75% of gross equity raised in excess of \$1.0 billion. The cost of repurchased stock and any dividend representing a return of capital for tax purposes will reduce the amount of gross equity raised used to calculate the monthly management fee. The ACM monthly management fee is not calculated based on the performance of ARMOUR's assets. ARMOUR is also responsible for any costs and expenses that ACM incurred solely on behalf of ARMOUR other than the various overhead expenses specified in the terms of the ARMOUR Management Agreement. ACM is further entitled to receive a termination fee from ARMOUR under certain circumstances. ARMOUR's total management fee expense for the year ended December 31, 2015, was \$27,292,000 compared to \$27,857,000 for the year ended December 31, 2014.

ARMOUR is required to take actions as may be reasonably required to permit and enable ACM to carry out its duties and obligations. ARMOUR is also responsible for any costs and expenses that ACM incurred solely on ARMOUR's behalf other than the various overhead expenses specified in the terms of the ARMOUR Management Agreement.

As compensation for their service on the board of directors of ARMOUR, Messrs. Staton, Bell, Guba, Hain, Paperin and Hollihan, who are also directors of JAVELIN, receive an annual board fee from ARMOUR. During 2014 and 2015, ARMOUR paid each of these directors an annual fee of \$132,000; 50%, or \$66,000 of this fee, was payable in cash and 50%, or \$66,000 of this fee, was payable in common stock, cash or a combination of stock and cash at the option of the director. In 2014 and 2015, ARMOUR paid Mr. Guba, ARMOUR's lead independent director, an annual fee of \$35,000 for the additional board responsibilities associated with the role and paid Mr. Hollihan as ARMOUR's Compensation Committee chairman and Mr. Hain as ARMOUR's Nominating and Corporate Governance Committee chairman an annual fee of \$25,000 each for the additional board responsibilities associated with the roles. ARMOUR also paid an annual fee of \$35,000 to Mr. Staton as ARMOUR's non-executive chairman and to Mr. Paperin as ARMOUR's Audit Committee chairman in 2014 and 2015.

Messrs. Ulm, Zimmer, Mountain and Gruber serve as executive officers of ARMOUR as well as executive officers of JAVELIN. In 2014 and 2015, ARMOUR did not have any employees whom it compensated directly with salaries or other cash compensation. The compensation received by Messrs. Ulm, Zimmer, Mountain and Gruber in 2014 and 2015 was derived from the management fees noted above, which ARMOUR pays to ACM.

Item 5 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under Special Factors Section 6. Summary of the Merger Agreement and Other Agreements, which information, as amended and restated below, is incorporated herein by reference. The information set forth in the Offer to Purchase under Special Factors Section 6. Summary of the Merger Agreement and Other Agreements in the second full paragraph therein is hereby amended and restated in its entirety to read as follows:

The Merger Agreement contains representations and warranties and covenants by the parties. The representations and warranties were made as of specific dates, may be subject to assumed knowledge by the parties of facts that are not

included in the representations and warranties and may have been made for the purpose of allocating between the parties the risk that certain conditions will not exist. Also, the parties have the right to waive some or most of the covenants in the Merger Agreement.

Item 6. Purposes of the Transaction and Plans or Proposals.

Item 6 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under Special Factors Section 1. Background of the Tender Offer; Past Contacts; Negotiations and Transactions, which information, as amended and supplemented above in Item 5. Past Contacts, Transactions, Negotiations and Agreements, to the Schedule TO, is incorporated herein by reference.

Item 6 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under Special Factors Section 6. Summary of the Merger Agreement and Other Agreements in the second full paragraph therein, as amended above under Item 5. Past Contacts, Transactions, Negotiations and Agreements, to the Schedule TO, and is incorporated herein by reference.

Item 6 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under Special Factors Section 2. Purposes of the Tender Offer and the Merger; Plans for JAVELIN after the Merger, which information, as amended and restated below, is incorporated herein by reference. The information set forth in the Offer to Purchase under Special Factors Section 2. Purposes of the Tender Offer and the Merger; Plans for JAVELIN after the Merger, is hereby amended and supplemented by adding the following paragraph after the first paragraph therein:

Reasons for the Tender Offer and the Merger. ARMOUR believes that the Tender Offer and Merger is the most appropriate structure to achieve the above-stated purposes because the federal securities laws, the rules of the New York Stock Exchange and Section 3-106 of the MGCL with respect to a Tender Offer and Merger will allow ARMOUR to acquire 100% of the shares of JAVELIN Common Stock in a more efficient and timely manner than alternative structures, such as a long-form merger under the MGCL without the benefit of an upfront tender offer. The ability of ARMOUR to expeditiously execute the Tender Offer and Merger together will likely reduce the window of uncertainty that ARMOUR faces regarding the continued volatility in the per share market price of JAVELIN's Common Stock and the mortgage REIT market in general, which could result in further declines in JAVELIN's book value over time. Such risks could make an acquisition of JAVELIN by ARMOUR less attractive to both ARMOUR and JAVELIN, and to their stockholders, if the parties were to proceed with an alternative structure under a longer time horizon. Also the risk of further declines in JAVELIN's book value over time based upon the continued volatility in the per share market price of JAVELIN's Common Stock and the mortgage REIT market in general were the reasons for ARMOUR to undertake the Tender Offer and Merger at this time.

Item 6 of the Schedule TO is hereby amended and supplemented to include the information set forth in the Offer to Purchase under Special Factors Section 5. Effects of the Tender Offer and the Merger, which information, as amended and restated below, is incorporated herein by reference. The information set forth in the Offer to Purchase under Special Factors Section 5. Effects of the Tender Offer and the Merger, is hereby amended and supplemented by adding the following paragraph after the full paragraph therein:

Assuming the Merger is consummated, 100% of the outstanding shares of the common stock of the surviving entity, JAVELIN, will be directly owned by ARMOUR. ARMOUR and its stockholders will be the beneficiaries of JAVELIN's future earnings and growth, if any. ARMOUR, acting as the sole stockholder, will be entitled to vote on corporate matters affecting JAVELIN following the Merger. Similarly, ARMOUR and its stockholders will also bear the risks of ARMOUR's investment in JAVELIN, including the risks of any decrease in the earnings or value of JAVELIN and any operational and other risks experienced by JAVELIN after the Merger. None of Messrs. Ulm, Zimmer, Mountain, Gruber, Staton, Bell, Hollihan, Guba, Hain and Paperin (the Individual JAVELIN Affiliates), nor any unaffiliated stockholders of JAVELIN will have any direct interest in JAVELIN's net book value or net earnings after the Merger is completed. The table below sets forth the direct and indirect interests in JAVELIN's net book value and net earnings of each of ARMOUR, Acquisition and the Individual JAVELIN Affiliates prior to and immediately after the Merger, for the periods presented, expressed in terms of dollar values and percentages. As of 5:00 P.M., New York City time, on March 18, 2016, the Calculation Date, JAVELIN's BVPS was \$8.25, representing an aggregate book value of approximately \$97,900,000, and its net (loss) for 2015 was \$(290,000).

Name	Beneficial Ownership in JAVELIN				Beneficial Ownership in JAVELIN				
	Prior to the Merger				After the Merger				
	Net Book Value March 18, 2016,		2015 Net (Loss)		Net Book Value March 18, 2016,		2015 Net (Loss)		
Calculation Date	\$ in	%	\$ in	%	Calculation Date	\$ in	%	\$ in	%
	thousands		thousands		thousands		thousands		

ARMOUR Residential
REIT, Inc.

97,900,205