

GALLAGHER PETER A  
 Form 4  
 June 06, 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 \*  
 GALLAGHER PETER A

2. Issuer Name and Ticker or Trading Symbol  
 Arlington Asset Investment Corp.  
 [AI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 06/02/2011

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

C/O ARLINGTON ASSETS INVESTMENT CORP., 1001 NINETEENTH STREET NORTH

(Street)

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

ARLINGTON, VA 22209

(City) (State) (Zip)

**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)	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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SEC 1474 (9-02)

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

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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 Underlying Securities (Instr. 3 and 4)	8. Price or Value of Underlying Securities (Instr. 3 and 4)
Restricted Stock Units	(1)	06/02/2011		A	3,089	(2)(3) (2)(3)	Class A Common Stock	3,089

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

GALLAGHER PETER A  
 C/O ARLINGTON ASSETS INVESTMENT CORP.  
 1001 NINETEENTH STREET NORTH  
 ARLINGTON, VA 22209

X

## Signatures

/s/ D. Scott Parish,  
 Attorney-in-Fact

06/06/2011

\*\*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) Each restricted stock unit ("RSU") represents a contingent right to receive one share of Class A common stock of Arlington Asset Investment Corp. (the "Company").

(2) Represents annual grant of RSUs pursuant to the Company's 2011 Long-Term Incentive Plan (the "2011 Plan") in connection with the reporting person's service as a non-employee director of the Company. The RSUs vest immediately on the award grant date. Vested RSUs are converted into shares of Class A common stock on a one-for-one basis, with any fractional shares being settled in cash, upon the later of the reporting person's separation from service on the board of directors or the first anniversary of the grant date (the "Settlement Date"). If a change in control occurs before the Settlement Date, the settlement will occur on the control change date. (Continued in 3)

(3) (Continued from 2) RSUs previously granted to the reporting person pursuant to the Company's Non-Employee Director Stock Compensation Plan (the "NED Plan") and the Company's 2004 Long-Term Incentive Plan (the "2004 Plan") vested on the first anniversary of the award grant date. Under the NED Plan and the 2004 Plan, vested RSUs are converted into shares of Class A common stock on a one-for-one basis upon the reporting person's separation from service on the board of directors. The reporting person does not have voting rights with respect to, but receives dividend equivalent payments on, outstanding RSUs.

(4) Represents: (i) 174 RSUs granted on July 2, 2003 pursuant to the NED Plan, which vested on July 2, 2004; (ii) 140 RSUs granted on May 20, 2004 pursuant to the 2004 Plan, which vested on May 20, 2005; (iii) 120 RSUs granted on August 3, 2004 pursuant to the 2004 Plan, which vested on August 3, 2005; (iv) 310 RSUs granted on June 10, 2005 pursuant to the 2004 Plan, which vested on June 10, 2006; (v) 413 RSUs granted on June 9, 2006 pursuant to the 2004 Plan, which vested on June 9, 2007; (vi) 624 RSUs granted on June 8, 2007

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pursuant to the 2004 Plan, which vested on June 8, 2008; (vii) 2,083 RSUs granted on June 5, 2008 pursuant to the 2004 Plan, which vested on June 5, 2009; (viii) 11,184 RSUs granted on June 1, 2009 pursuant to the 2004 Plan, which vested on June 1, 2010; (ix) 4,545 RSUs granted on June 2, 2010 pursuant to the 2004 Plan, which vested on June 2, 2011; and (Continued in 5)

(Continued from 4) (x) 3,089 RSUs granted on June 2, 2011 pursuant to the 2011 Plan, which vested on June 2, 2011. The number of (5) RSUs granted on July 2, 2003, May 20, 2004, August 3, 2004, June 10, 2005, June 9, 2006, June 8, 2007, June 5, 2008 and June 1, 2009 have been adjusted to reflect the 1-for-20 reverse stock split that was effected on October 6, 2009.

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.