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Ellington Residential Mortgage REIT(NYSE: EARN)

Fourth Quarter 2013 Earnings Conference Call

February 19, 2014

Important Notice

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from the Company's beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "believe," "expect," "anticipate," "estimate," "project," "plan," "continue," "intend," "should," "would," "could," "goal," "objective," "will," "may," "seek," or similar expressions or their negative forms, or by references to strategy, plans, or intentions.

The Company's results can fluctuate from month to month and from quarter to quarter depending on a variety of factors, some of which are beyond the Company's control and/or are difficult to predict, including, without limitation, changes in interest rates and the market value of the Company's securities, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to maintain its exemption from registration under the Investment Company Act of 1940 and other changes in market conditions and economic trends. Furthermore, forward-looking statements are subject to risks and uncertainties, including, among other things, those described in Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 which can be accessed through the link to our SEC filings under "For Our Shareholders" on our website (www.earnreit.com) or at the SEC's website (www.sec.gov). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q, 10-K and 8-K. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Financial Information

All financial information included in this presentation is as of December 31, 2013 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Fourth Quarter 2013

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Ellington Residential: Fourth Quarter Highlights

Overall Results	▪ Fourth quarter net loss of \$0.1 million or \$0.01 per share ▪ Book value decrease of 2.7% to \$18.29 per share as of December 31, 2013 from \$18.80 per share as of September 30, 2013, after giving effect to \$0.50 fourth quarter dividend which was paid in January 2014
Core Earnings(1)	▪ Core Earnings of \$6.8 million or \$0.74 per weighted average shares outstanding ▪ 40 bps increase in Net Interest Margin to 2.17% ▪ Excluding “catch-up amortization adjustment,” net interest margin increased to 2.06%
Shareholders’ Equity	▪ Shareholders’ equity of \$167.2 million as of December 31, 2013

Portfolio	▪ Agency RMBS Portfolio: \$1.295 billion as of December 31, 2013
	    ▪ \$1.227 billion fixed rate pools
	    ▪ \$46.1 million ARM pools
	    ▪ \$8.3 million in reverse mortgage pools
	    ▪ \$13.5 million IOs
	▪ Non-Agency RMBS Portfolio: \$30.7 million as of December 31, 2013

Leverage	▪ Debt to equity ratio: 7.8:1 as of December 31, 2013 as compared to 7.5:1 as of September 30, 2013 ▪ Average cost of funds 0.39% for the quarter or 1.17% including interest rate swaps
Dividend	▪ Declared fourth quarter dividend of \$0.50 per share (paid in January 2014) ▪ Annualized dividend yield of 12.0% based on closing price of \$16.61 on February 14, 2014

(1) Core Earnings is a non-GAAP financial measure. See slide 26 for a reconciliation of Core Earnings to Net Income (Loss).

Ellington Residential: Agency RMBS

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Overall Market Conditions	■ Though Agency RMBS continued to rally in response to the "no taper" announcement early in the quarter, the uncertainty regarding the Fed's impending taper weighed on both the absolute prices of Agency RMBS as well as their spread to interest rates for the majority of the quarter
	    ■ The Agency RMBS market finally received clarity in mid-December with the Fed's initial announcement of the taper effective January 2014
	    ■ Even with the Fed's reduction of purchases, the Fed is still a significant source of support for the market, as gross Agency RMBS issuance has declined over 40% since May
	■ Mortgage Bankers Association REFI index hit multi-year lows in December

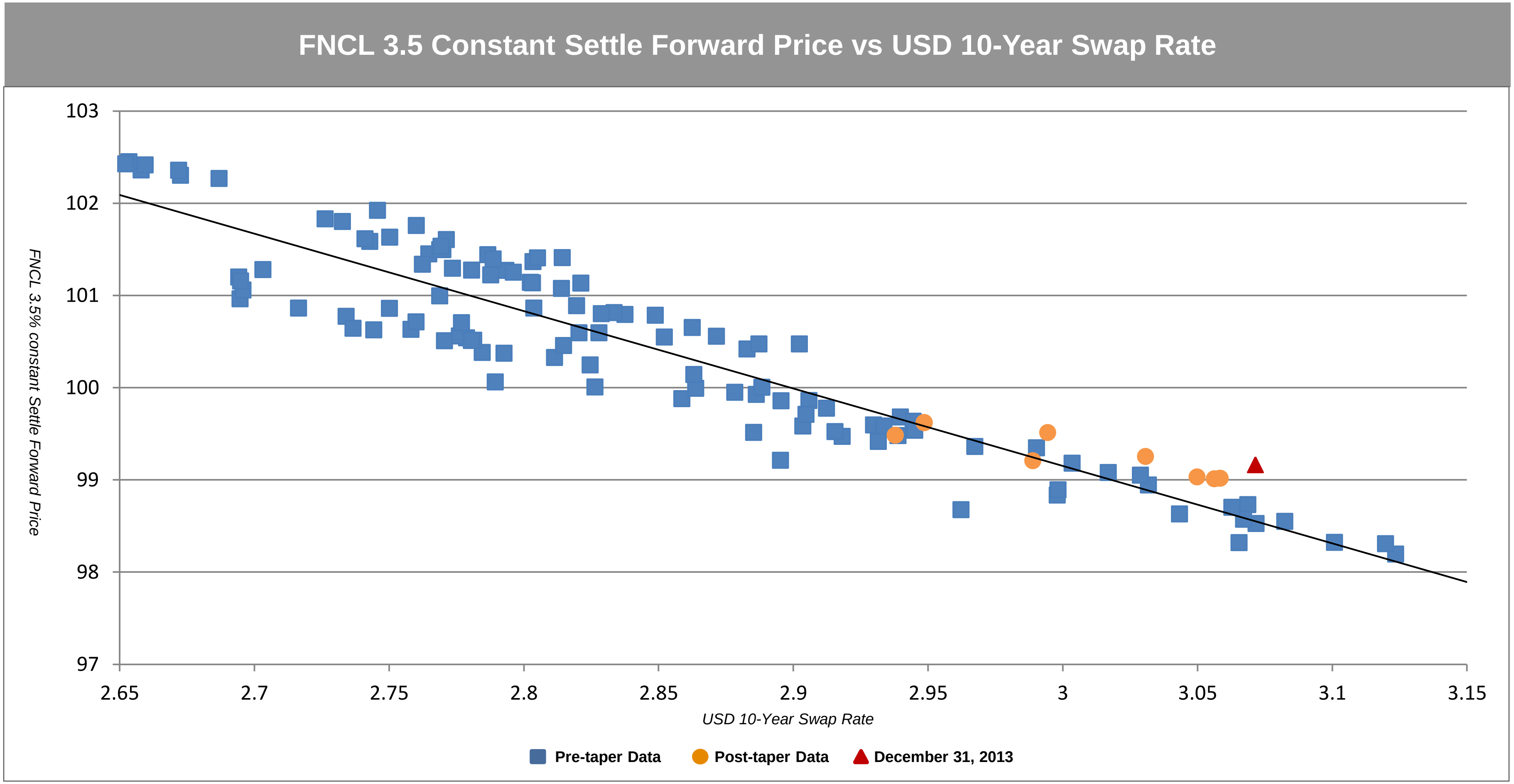
Portfolio Trends and Outlook	■ Continued to take advantage of depressed pay-ups and purchased higher coupon specified pools with traditionally stronger prepayment protection characteristics such as low loan balances
	    ■ Average pay-up of 0.20% as of December 31st; 0.15% as of September 30th
	    ■ Remain active in fixed rate reverse mortgage pools, another sector that we believe has strong return characteristics
	    ■ Continued expectation of market volatility as Fed reduces its dominance in the market—ability to hedge using a variety of tools, including TBAs, remains ever important

Ellington Residential: Non-Agency

Overall Market Conditions	■ Non-Agency RMBS rallied during the quarter—pace of rally slowed in November and December as the market anticipated a decision by the Fed to taper its monthly asset purchases under QE3 ■ The Dutch financial services firm ING sold a $5.1 billion portfolio of U.S. RMBS, as it sought to benefit from the continued improvement in the U.S. housing market ■ In December, the Federal Reserve announced a modest $10 billion reduction in its $85 billion of monthly asset purchases, effective January 2014. Another $10 billion reduction, effective in February, was announced in January

Portfolio Trends and Outlook	■ Actively traded portfolio, replacing assets sold over the quarter with other more attractive assets
	    ■ Turned over 26% of the portfolio
	■ Active management through trading likely to play a significant role in profit generation
	    ■ As Wall Street balance sheets and risk-taking appetites decline as a result of Basel III and Dodd Frank, we expect continued trading opportunities

MBS Trading Well Since Taper Announcement…



- Mortgages have been trading better in the face of actual Fed tapering than in previous months
- FNCL 3.5 are approximately 10 bps tighter in yield (~0.35% in price) since the December 18th taper announcement

Source: Barclays
Note: Regression analysis from July 1, 2013 to December 31, 2013

Pay-ups Remain Depressed…

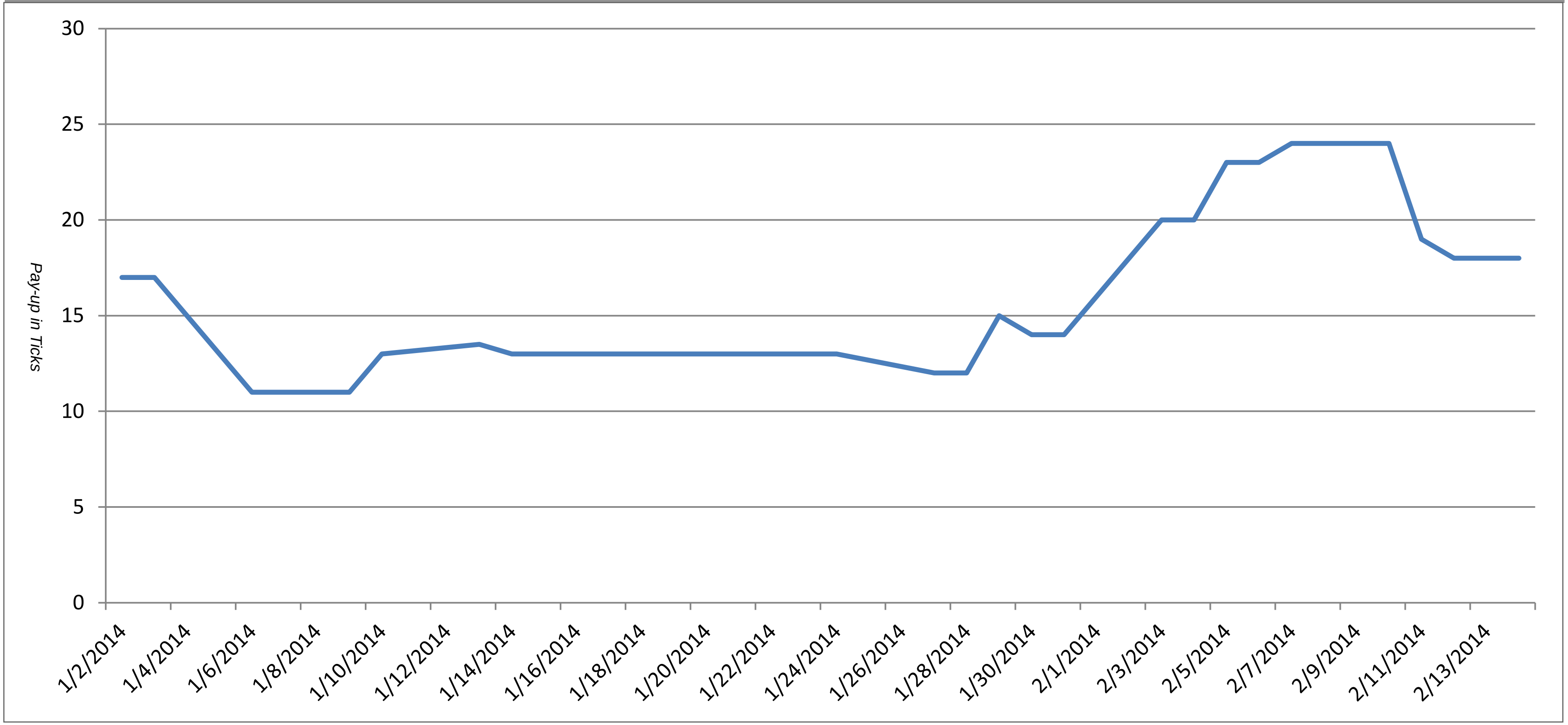
Average Pay-up on Fannie Mae 30-Year 4.0 MLB (Medium Loan Balance Specified Pools)

- **While some of this move can be attributed to the rise in interest rates and drop in price of the underlying TBA, pay-ups have underperformed these factors**

Source: Barclays

…But Starting to Show Signs of Life…

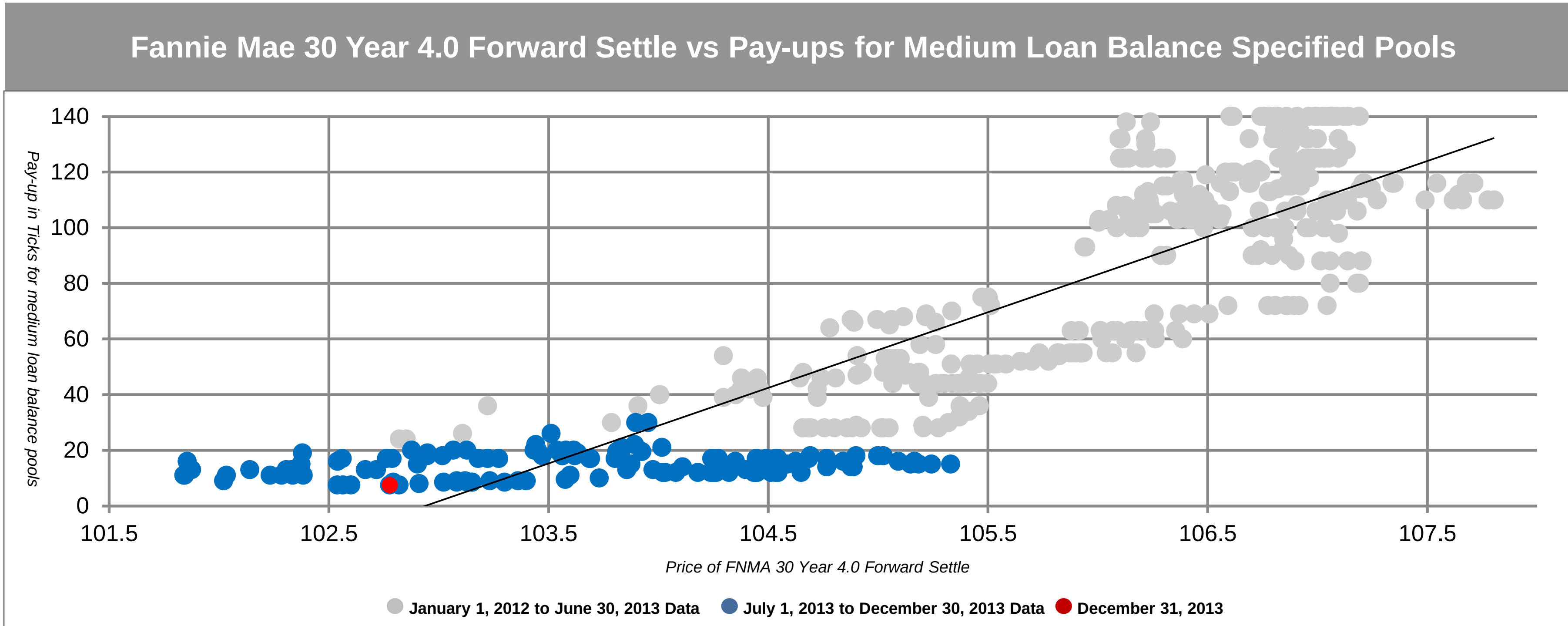
Average Pay-up on Fannie Mae 30-Year 4.5 HLB (High Loan Balance Specified Pools)



- **Adjusting for the fact that interest rates are much lower now than at year-end, pay-ups are still trading at depressed levels, but they are creeping back up and have been well bid in 2014**

Source: Barclays

…And May Outperform in the Coming Months

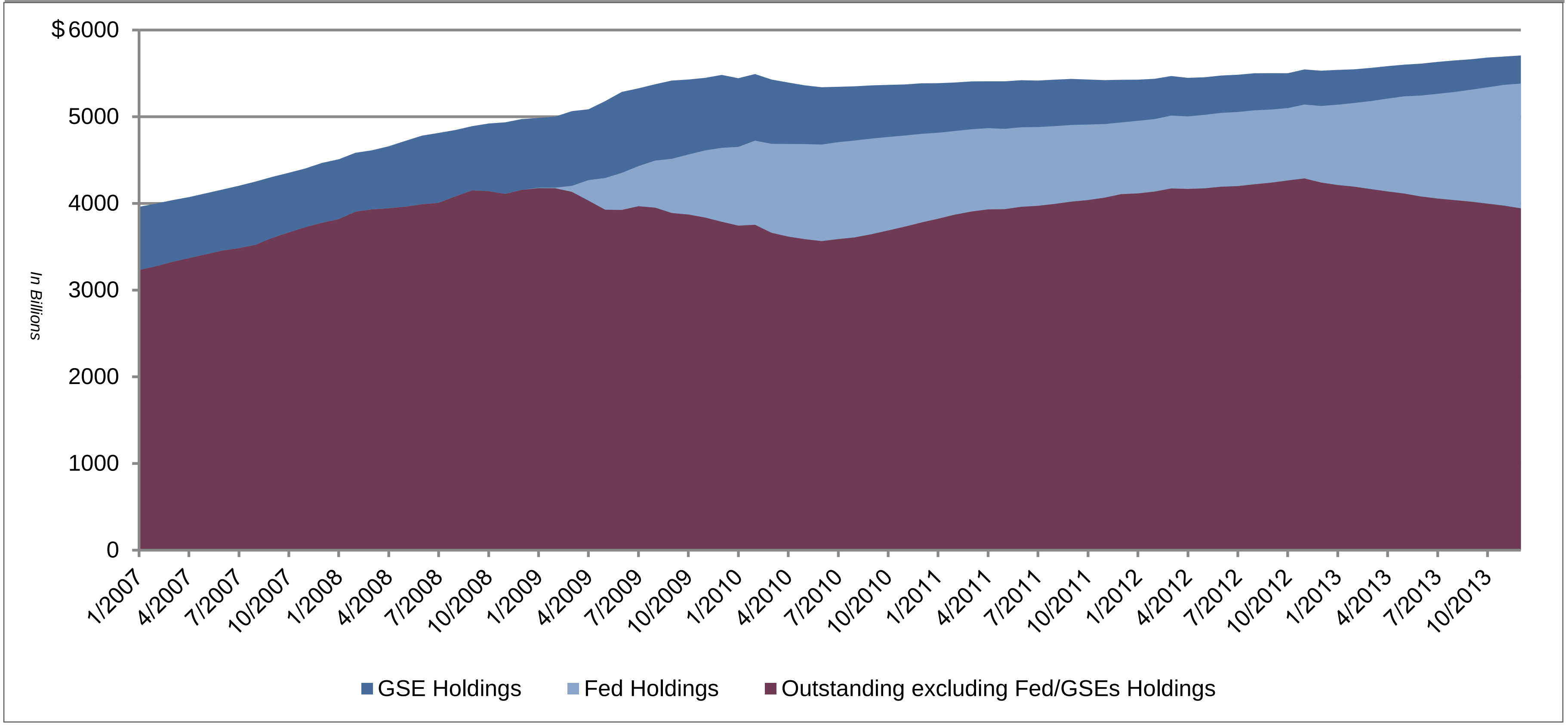


Pay-up Protection Available at Historically Cheap Prices	
	■ Underperformance in specified pool pay-ups significantly hurt the performance of many Agency REITs in 2013
	■ Pay-ups for most types of pools are floored out at 0 because of TBA delivery option
	■ Fed dominance of the mortgage market has been an important driver of pay-up underperformance
	■ Pay-ups may begin to outperform now that the Fed has started to taper

Source: Barclays
Note: Regression analysis from January 1, 2012 to December 31, 2013

Size of the Agency RMBS Market

Total Agency Outstanding Including/Excluding Fed & GSEs



Source: Freddie Mac, Fannie Mae, Ginnie Mae, and SOMA

Things Might Be Different in the Summer

- Supply of Agency RMBS likely to pick up as we move from the current seasonal trough in housing turnover to the seasonal peak
- Expect Fed tapering to continue at the rate of $5 billion less RMBS buying per meeting, so market will have to stand on its own for the first time in a while
- Slight loosening of credit standards and continued increases in home prices may cause an increase in the MBA REFI index, reducing prepayment complacency
- In light of reduced buying pace, the Fed will no longer be buying all of the "cheapest to deliver" in certain coupons.
  - This should cheapen the TBA roll market, which should be a boon to specified pools.
  - Strong TBA rolls have been one of the impediments to pay-up recoveries

Portfolio

Ellington Residential: Portfolio Summary

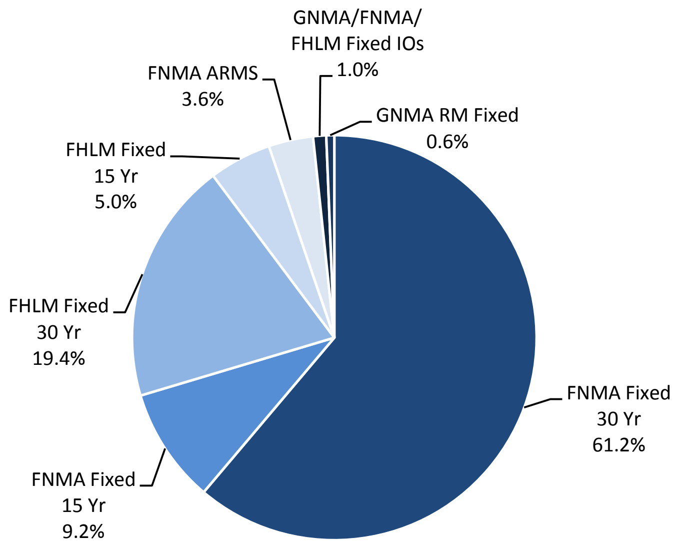
	December 31, 2013					September 30, 2013				
(In thousands)	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]
Agency RMBS[2]										
15-year fixed rate mortgages	$ 179,906	$ 183,872	$ 102.20	$ 187,059	$ 103.98	$ 192,906	$ 199,450	$ 103.39	$ 200,231	$ 103.80
30-year fixed rate mortgages	1,029,629	1,043,573	101.35	1,071,194	104.04	1,157,678	1,186,136	102.46	1,202,846	103.90
ARMs	43,525	46,115	105.95	46,172	106.08	29,840	31,707	106.26	31,538	105.69
Reverse mortgages	7,581	8,268	109.06	8,254	108.88	7,577	8,309	109.66	8,282	109.30
Total Agency RMBS	1,260,641	1,281,828	101.68	1,312,679	104.13	1,388,001	1,425,602	102.71	1,442,897	103.96
Non-Agency RMBS	50,006	30,681	61.35	28,679	57.35	55,798	34,467	61.77	33,823	60.62
Total RMBS[2]	1,310,647	1,312,509	100.14	1,341,358	102.34	1,443,799	1,460,069	101.13	1,476,720	102.28
Agency Interest Only RMBS	n/a	13,527	n/a	10,718	n/a	n/a	12,722	n/a	11,355	n/a
Total Real Estate Securities		**$ 1,326,036**		**$ 1,352,076**			**$ 1,472,791**		**$ 1,488,075**	

(1) Represents the dollar amount (not shown in thousands) per $100 of current principal of the price or cost for the security.

(2) Excludes Agency IOs.

Ellington Residential: Agency Long Portfolio

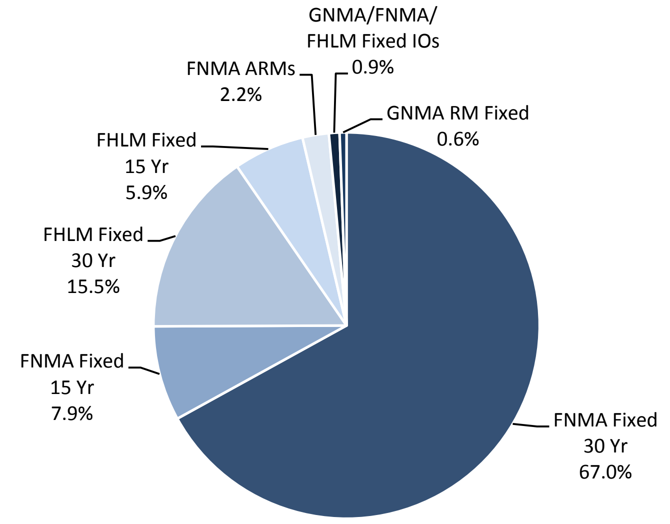
Current Quarter Agency Long Portfolio
As of 12/31/13: $1.30BN(1)



Fixed Portfolio(2)

Category	Fair Value(1)	Weighted Average Coupon(3)
FNMA Fixed - 30-Yr	$792.5	3.81
FNMA Fixed - 15-Yr	119.2	3.10
FHLM Fixed - 30-Yr	251.1	3.72
FHLM Fixed - 15-Yr	64.6	3.07
GNMA RM Fixed	8.3	4.85
Total	**$1,235.7**	**3.70**

Previous Quarter Agency Long Portfolio
As of 9/30/13: $1.44BN(1)



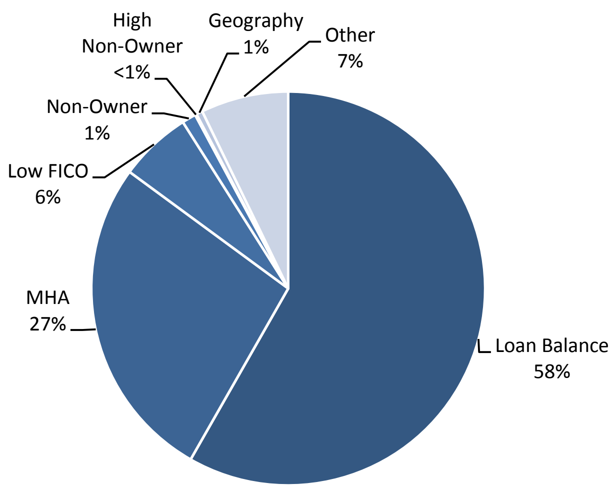
Fixed Portfolio(2)

Category	Fair Value(1)	Weighted Average Coupon(3)
FNMA Fixed - 30-Yr	$963.6	3.65
FNMA Fixed - 15-Yr	114.2	3.05
FHLM Fixed - 30-Yr	222.6	3.65
FHLM Fixed - 15-Yr	85.2	3.06
GNMA RM Fixed	8.3	4.85
Total	**$1,393.9**	**3.57**

(1) Does not include long TBA positions.
(2) Fair value shown in millions. Excludes fixed rate IOs.
(3) Represents weighted average net pass-through rate.

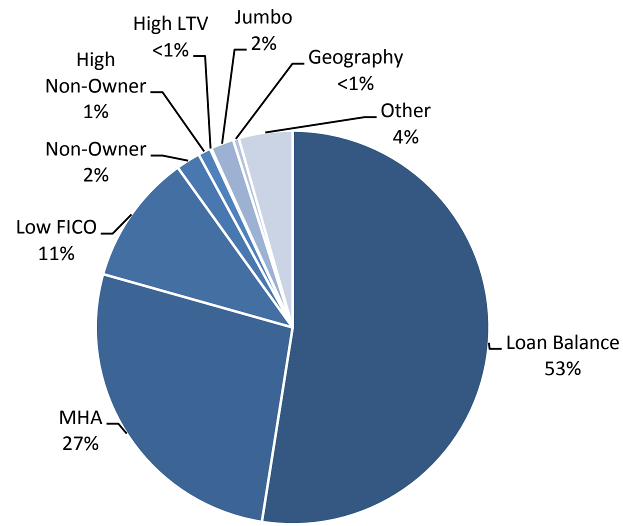
Ellington Residential: Agency Long Portfolio

Collateral Characteristics and Historical 3-month CPR
Agency Fixed Rate Pool Portfolio 12/31/13: $1.23BN(1)



Characteristic(2)	Fair Value(1)(3)	3-Month CPR %(4)
Loan Balance	$715.0	2.6
MHA(5)	329.3	0.8
Low FICO	72.8	3.6
Non-Owner	14.1	0.4
High Non-Owner	1.5	0.2
High LTV	-	-
Jumbo	-	-
Geography	6.4	2.7
Other	88.3	3.7
Total	**$1,227.4**	**2.2**

Collateral Characteristics and Historical 3-month CPR
Agency Fixed Rate Pool Portfolio 9/30/13: $1.39BN(1)

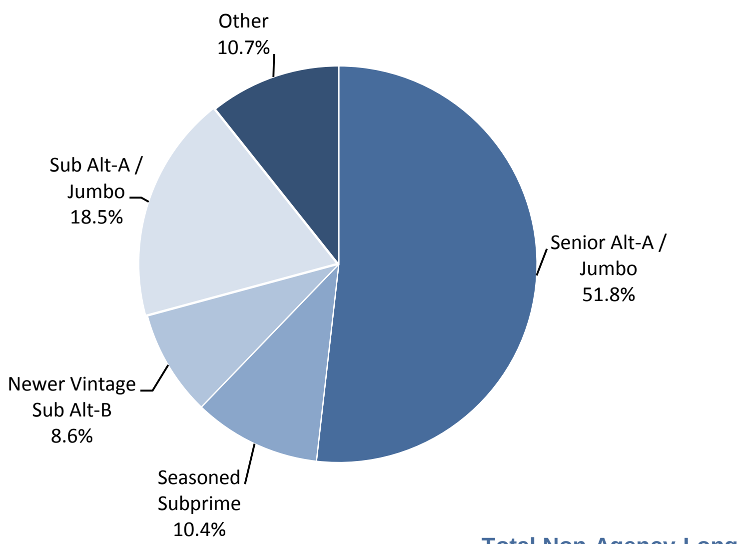


Characteristic(2)	Fair Value(1)(3)	3-Month CPR %(4)
Loan Balance	$729.0	3.4
MHA(5)	373.1	1.8
Low FICO	148.9	6.6
Non-Owner	24.6	6.1
High Non-Owner	14.3	9.4
High LTV	1.5	0.4
Jumbo	26.3	0.5
Geography	6.6	18.2
Other	61.3	8.5
Total	**$1,385.6**	**3.6**

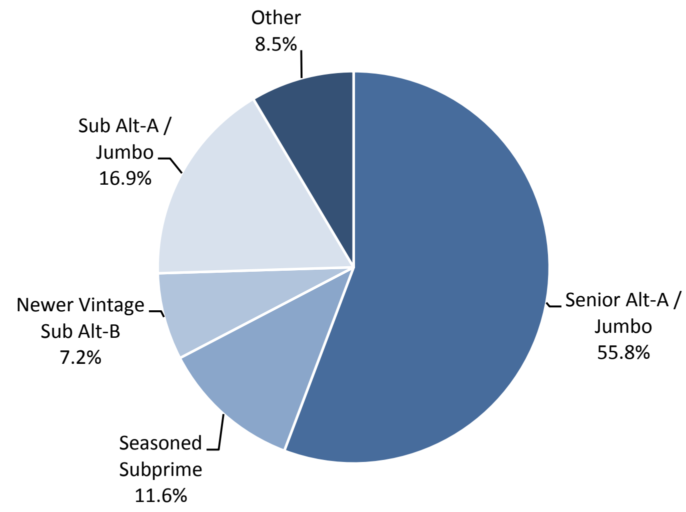
(1) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs.
(2) Classification methodology may change over time as market practices change.
(3) Fair value shown in millions.
(4) Excludes Agency fixed rate RMBS without any prepayment history with a total value of $20.5 million as of December 31, 2013 and $124.2 million as of September 30, 2013.
(5) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.

Ellington Residential: Non-Agency Long Portfolio

Current Quarter Non-Agency Long Portfolio 12/31/13: $30.7MM	Previous Quarter Non-Agency Long Portfolio 9/30/13: $34.5MM



Total Non-Agency Long
Avg Mkt Px 61.4



Total Non-Agency Long
Avg Mkt Px 61.8

- **Average book yield for the fourth quarter was 9.01% as compared to 7.84% for the third quarter**
  - **Underlying cash flows strengthening on held positions**
  - **Increase in average purchase yields**

Borrowings and Hedges

Ellington Residential: Repo Borrowings

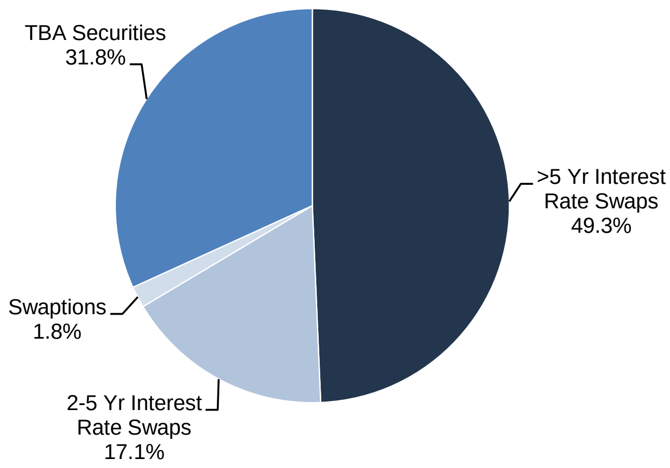
	December 31, 2013			September 30, 2013		
		Weighted Average			Weighted Average	
Original Maturity	**Borrowings Outstanding**	**Interest Rate**	**Days to Maturity**	**Borrowings Outstanding**	**Interest Rate**	**Days to Maturity**
	(In thousands)			*(In thousands)*		
30 days or less	$ 338,700	0.35%	14	$ 513,660	0.36%	11
31-60 days	531,799	0.39%	46	412,485	0.38%	45
61-90 days	326,386	0.38%	72	143,530	0.38%	74
91-120 days	109,476	0.45%	100	28,897	0.39%	105
121-150 days	3,986	0.56%	136	99,464	0.42%	136
151-180 days	-	-	-	94,910	0.41%	164
Total	**$ 1,310,347**	**0.38%**	**49**	**$ 1,292,946**	**0.38%**	**52**

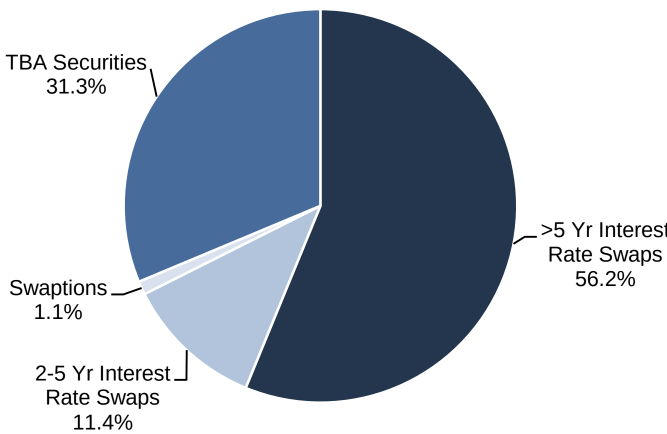
- **As of December 31, 2013:**
  - Outstanding borrowings with 9 counterparties
  - Rates and haircuts have remained relatively constant quarter over quarter
  - Debt-to-equity ratio of 7.8:1

Note: As of December 31, 2013 and September 30, 2013, the Company had no outstanding borrowings other than repurchase agreements. The entire amount of outstanding borrowings as of both December 31, 2013 and September 30, 2013 were related to Agency RMBS.

Ellington Residential: Interest Rate Hedging Portfolio

Current Quarter **Agency Interest Rate Hedging Portfolio 12/31/13:** **Short $853.7MM 10-year equivalents**	**Previous Quarter** **Agency Interest Rate Hedging Portfolio 9/30/13:** **Short $905.3MM 10-year equivalents**





- **Agency interest rate hedges are shown in normalized units of risk, with each group of positions measured in “10-year equivalents”**
  - **Increased relative proportion of “2-5 Year Interest Rate Swaps” to “>5 Year Interest Rate Swaps”**

Note: “10-year equivalents” for a group of positions represent the amount of 10-year U.S. Treasury securities that would experience a similar change in market value under a standard parallel move in interest rates.

Ellington Residential: Interest Rate Hedging

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Calculation of Exposure to Agency RMBS Based on Fair Value of TBA Portfolio:

(In millions) Agency-related Portfolio	12/31/2013	9/30/2013
Long Agency RMBS	$ 1,295	$ 1,438
Net Short TBA Positions[1]	(389)	(451)
Net Long Exposure to Agency RMBS	$ 906	$ 987

- **Shorting "generic" pools (or TBAs) allows EARN to significantly reduce interest rate risk and basis risk in its Agency portfolio; interest rate risk is also hedged with swaps, swaptions, U.S. Treasuries, etc.**
- **Average pay-up on Agency pools was 0.20% as of December 31, 2013 compared to 0.15% as of September 30, 2013**

Estimated Change in Fair Value as of December 31, 2013 if Interest Rates Move[2]:

(In thousands)	Down 50 bps	Up 50 bps
Agency ARMs	$ 619	$ (722)
Agency Fixed RMBS and IOs	34,579	(39,096)
TBAs	(10,630)	12,116
Non-Agency RMBS	447	(421)
Interest Rate Swaps	(24,410)	23,118
Swaptions	(446)	814
Repurchase Agreements	(702)	893
Total	**$ (543)**	**$ (3,298)**

(1) Net short TBA positions represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of December 31, 2013 and September 30, 2013. The net carrying value of the TBA positions as of December 31, 2013 and September 30, 2013 on the Consolidated Balance Sheet was $2.2 million and $(5.5) million, respectively.

(2) Based on the market environment as of December 31, 2013. Results are based on forward-looking models, which are inherently imperfect, and incorporate various simplifying assumptions. Therefore, the table above is for illustrative purposes only and actual changes in interest rates would likely cause changes in the actual value of our portfolio that would differ from those presented above, and such differences might be significant and adverse.

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Ellington Residential: Interest Rate Hedging Continued

December 31, 2013					
Interest Rate Swaps					
Maturity	Notional Amount	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
	(In thousands)				
2016	$ 48,000	$ (171)	0.80%	0.24%	2.77
2017	124,000	(517)	1.19%	0.24%	3.61
2018	156,500	2,784	1.19%	0.24%	4.63
2020	137,100	6,444	1.49%	0.24%	6.06
2023	218,000	14,599	2.16%	0.24%	9.41
2043	64,750	8,605	3.18%	0.24%	29.44
Total	$ **748,350**	$ **31,744**	**1.67**%	**0.24**%	**8.14**

TBA Securities				
(In thousands)	Notional Amount (1)	Cost Basis (2)	Market Value (3)	Net Carrying Value (4)
Total TBAs, Net	$ (377,878)	$ (391,317)	$ (389,082)	$ 2,235

Interest Rate Swaptions					
	Option		Underlying Swap		
($ in thousands)	Fair Value	Months to Expiration	Notional Amount	Term (Years)	Fixed Rate
Fixed Payer	$ (59)	8.9	$ 22,000	10.0	3.31%
Straddle	$ (26)	9.9	$ 8,000	10.0	3.08%

(1) Notional amount represents the principal balance of the underlying Agency RMBS.
(2) Cost basis represents the forward price to be paid for the underlying Agency RMBS.
(3) Market value represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of December 31, 2013.
(4) Net carrying value represents the difference between the market value of the TBA contract as of December 31, 2013 and the cost basis, and is reported in Financial derivatives-assets at fair value and Financial derivatives-liabilities at fair value on the Consolidated Balance Sheet.

Supplemental Information

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Ellington Residential: Income Statement (Unaudited)

CONSOLIDATED STATEMENT OF OPERATIONS	Three Month Period Ended		Year Ended
	December 31, 2013	September 30, 2013	December 31, 2013
(In thousands except per share amounts)			
INTEREST INCOME (EXPENSE)			
Interest income	$ 12,050	$ 11,223	$ 27,866
Interest expense	(1,283)	(1,248)	(3,056)
Total net interest income	10,767	9,975	24,810
EXPENSES			
Management fees	600	644	2,066
Professional fees	155	200	624
Other operating expenses	656	513	1,636
Total expenses	1,411	1,357	4,326
OTHER INCOME (LOSS)			
Net realized losses on real estate securities	(11,164)	(24,173)	(37,456)
Net realized gains (losses) on financial derivatives	(5,340)	4,273	7,310
Change in net unrealized gains (losses) on real estate securities	(10,756)	30,239	(26,146)
Change in net unrealized gains (losses) on financial derivatives	17,780	(12,172)	33,894
Total other income (loss)	(9,480)	(1,833)	(22,398)
NET INCOME (LOSS)	$ (124)	$ 6,785	$ (1,914)
NET INCOME (LOSS) PER COMMON SHARE			
Basic	$ (0.01)	$ 0.74	$ (0.29)
WEIGHTED AVERAGE SHARES OUTSTANDING	9,139,842	9,133,940	6,566,656

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Ellington Residential: Balance Sheet (Unaudited)

CONSOLIDATED BALANCE SHEET

(In thousands except share amounts)	As of December 31, 2013	As of September 30, 2013	As of December 31, 2012[1]
ASSETS			
Cash and cash equivalents	$ 50,112	$ 44,331	$ 18,161
Real estate securities, at fair value	1,326,036	1,472,791	13,596
Due from brokers	18,347	13,724	—
Financial derivatives—assets, at fair value	34,963	23,181	—
Receivable for securities sold	76,692	55,060	—
Interest receivable	4,766	4,370	39
Other assets	174	261	360
Total Assets	$ 1,511,090	$ 1,613,718	$ 32,156
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Repurchase agreements	$ 1,310,347	$ 1,292,946	$ —
Payable for securities purchased	2,776	113,173	—
Due to brokers	22,788	22,160	—
Financial derivatives—liabilities, at fair value	1,069	7,067	—
Dividend payable	4,570	4,569	—
Accrued expenses	996	730	1,076
Management fee payable	600	644	116
Interest payable	764	597	—
Total Liabilities	1,343,910	1,441,886	1,192
SHAREHOLDERS' EQUITY			
Preferred shares, par value $0.01 per share, 100,000,000 shares authorized; (0 shares issued and outstanding, respectively)	—	—	—
Common shares, par value $0.01 per share, 500,000,000 shares authorized; (9,139,842, 9,139,842, 1,633,378 shares issued and outstanding, respectively)	91	91	16
Additional paid-in-capital	181,147	181,104	32,674
Accumulated deficit	(14,058)	(9,363)	(1,726)
Total Shareholders' Equity	167,180	171,832	30,964
Total Liabilities and Shareholders' Equity	$ 1,511,090	$ 1,613,718	$ 32,156

(1) Derived from audited financial statements as of December 31, 2012.

Reconciliation of Core Earnings[1]

(In thousands except share amounts)	Three Month Period Ended December 31, 2013	Three Month Period Ended September 30, 2013
Net Income (Loss)	$ (124)	$ 6,785
Less:		
Net realized losses on real estate securities	(11,164)	(24,173)
Net realized gains (losses) on financial derivatives, excluding periodic payments[2]	(160)	4,224
Change in net unrealized gains (losses) on real estate securities	(10,756)	30,239
Change in net unrealized gains and (losses) on financial derivatives, excluding accrued periodic payments[3]	15,167	(9,063)
Subtotal	(6,913)	1,227
Core Earnings	$ 6,789	$ 5,558
Weighted Average Shares Outstanding	9,139,842	9,133,940
Core Earnings Per Share	$ 0.74	$ 0.61

(1) Core Earnings consists of net income (loss) excluding realized and unrealized gains and losses on real estate securities and financial derivatives, and, if applicable, items of income or loss that are of a non-recurring nature. Core Earnings includes net realized and unrealized gains (losses) associated with payments and accruals of periodic payments on interest rate swaps. Core Earnings is a supplemental non-GAAP financial measure. We believe Core Earnings provides information useful to investors, because it is a metric used by our management to assess our performance and to evaluate the effective net yield provided by our portfolio. Moreover, one of our objectives is to generate income from the net interest margin on our portfolio and we use Core Earnings to help measure the extent to which we are achieving this objective. However, because Core Earnings is an incomplete measure of our financial results and differs from net income or net loss computed in accordance with GAAP, it should be considered as supplementary to, and not as a substitute for, our Net Income (Loss) computed in accordance with GAAP. The table above reconciles, for the three month periods ended December 31, 2013 and September 30, 2013, the Company's Core Earnings on a consolidated basis to the line on its consolidated statement of operations entitled Net Income (Loss), which the Company believes is the most directly comparable GAAP measure on its Consolidated Statement of Operations to Core Earnings.

(2) For the three month period ended December 31, 2013, represents Net realized gains (losses) on financial derivatives of $(5,340) less Net realized gains (losses) on periodic settlements of interest rate swaps of $(5,180). For the three month period ended September 30, 2013, represents Net realized gains on financial derivatives of $4,273 less Net realized gains (losses) on periodic settlements of interest rate swaps of $49.

(3) For the three month period ended December 31, 2013, represents Net change in unrealized gains (losses) on financial derivatives of $17,780 less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $2,613. For the three month period ended September 30, 2013, represents Net change in unrealized gains (losses) on financial derivatives of $(12,172) less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $(3,109).

About Ellington

- EARN is managed by Ellington Residential Mortgage Management LLC, an affiliate of Ellington Management Group, L.L.C. ("EMG")

- EMG was founded in 1994 by Michael Vranos and five partners; currently has over 130 employees, giving EARN access to time-tested infrastructure and industry-leading resources in trading, research, risk management, and operational support
  - EMG has approximately $5.6 billion in assets under management as of December 31, 2013

- EMG's portfolio managers are among the most experienced in the MBS sector and the firm's analytics have been developed over a 19-year history
  - Prior to forming EMG, five of the founding partners constituted the core of Kidder Peabody's MBS trading and research group, while one spent ten years at Lehman Brothers where he ran collateralized mortgage obligation ("CMO") trading
  - The founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.'s and Master's degrees

- EARN was formed through an initial strategic venture between affiliates of EMG and a group of funds managed by an affiliate of The Blackstone Group LP

EARN

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