Ellington Financial

2012 JMP Securities Financial Services & Real Estate Conference

September 13, 2012

Ellington Financial LLC (NYSE: EFC)

Important Notice

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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. Our actual results may differ from our 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," "will," “project,” “plan,” should," “continue,” “intend,” “should,” “would,” “could,” "may," "expect," “goal,” “objective,” “”will,” “may,” “seek,” or similar expressions or their negative forms, or by references to strategies, 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 under Item 1A of our Annual Report on Form 10-K filed on March 14, 2012 and Item 1A of our Quarterly Report on Form 10-Q filed on May 9, 2012 and in other filings that we make with the Securities Exchange Commission (the “SEC”). 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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Estimated Book Value

For month-end reports of its estimated book value per common share, the Company's valuation procedures are generally less comprehensive than the valuation procedures employed for the Company's quarterly and year-end financial statements, as the Company does not necessarily solicit third party valuations on substantially all of its assets, nor do the Company's registered independent public accountants generally perform the types of reviews or audits that they do for the Company's quarterly or annual financial statements. It is possible that, if the Company were to undertake a more comprehensive valuation analysis and/or obtain a review or audit from its accountants for its month-end report, it could determine that its book value per common share as of August 31, 2012 differs materially from the estimate set forth in this presentation. There can be no assurance that the Company's estimated book value per common share as of August 31, 2012 is indicative of what the Company's results are likely to be for the three or nine month period ending September 30, 2012 or in future periods, and we undertake no obligation to update or revise our estimated book value per common share prior to our issuance of financial statements for such three and nine month periods.

Modeling

Some statements in this presentation may be derived from proprietary models developed by Ellington Management Group, L.L.C. (“Ellington”). Some examples provided may be based upon the hypothetical performance of such models. Models, however, are inherently imperfect and subject to a number of risks, including that the underlying data used by the models is incorrect, inaccurate, or incomplete, or that the models rely upon assumptions that may prove to be incorrect. The utility of model-based information is highly limited. The information is designed to illustrate Ellington’s current view and expectations and is based on a number of assumptions and limitations, including those specified herein. Certain models make use of discretionary settings or parameters which can have a material effect on the output of the model. Ellington exercises discretion as to which settings or parameters to use in different situations, including using different settings or parameters to model different securities. Actual results and events may differ materially from those described by such models.

Example Analyses

The example analyses included herein are for illustrative purpose only and are intended to illustrate Ellington’s analytic approach. They are not and should not be considered a recommendation to purchase or sell any security or a projection of the Company’s future results or performance. The example analyses are only as of the date specified and do not reflect changes since that time.

Projected Yields and Spreads

Projected yields and spreads discussed herein are based upon Ellington models and rely on a number of assumptions, including as to prepayment, default and interest rates and changes in home prices. Such models are inherently imperfect and there is no assurance that any particular investment will perform as predicted by the models, or that any such investment will be profitable. Projected yields are presented for the purposes of (i) providing insight into the strategy’s objectives, (ii) detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments, (iii) illustrating Ellington’s current views and expectations, and (iv) aiding future evaluations of performance. They are not a guarantee of future performance. They are based upon assumptions regarding current and future events and conditions, which may not prove to be accurate. There can be no assurance that the projected yields will be achieved. Investments involve risk of loss.

Indices

Various indices are included in this presentation material to show the general trend in applicable markets in the periods indicated and are not intended to imply that the Company or its strategy is similar to any index in composition or element of risk.

The 2006-2 AAA ABX index, an index widely used and cited by investors and market participants tracking the subprime non-Agency RMBS market, is composed of 20 credit default swaps referencing mortgage-backed securities, originally rated AAA by Standard & Poor’s, Inc., or Standard & Poor’s, and Aaa by Moody’s Investors Service, Inc., or Moody’s, issued during the first six months of 2006 and backed by subprime mortgage loans originated in late 2005 and early 2006.

Financial Information

All financial information included in this presentation is as of June 30, 2012 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Ellington Financial LLC (NYSE: EFC)

Ellington Financial LLC (EFC) is a specialty finance company that acquires and manages mortgage-related assets, including residential mortgage-backed securities backed by prime jumbo, Alt-A, manufactured housing and subprime residential mortgage loans, residential mortgage-backed securities for which the principal and interest payments are guaranteed by a U.S. government agency or a U.S. government-sponsored enterprise, mortgage-related derivatives, commercial mortgage-backed securities, commercial mortgage loans and other commercial real estate debt, as well as corporate debt and equity securities and derivatives. Ellington Financial LLC is externally managed and advised by Ellington Financial Management LLC, an affiliate of Ellington Management Group LLC.

Estimated Book Value Per Diluted Share as of August 31, 2012: $23.52[1]

Book Value at August 2007 Inception: $19.17

Dividends Paid/Declared since Inception: $9.26

(1) Includes impact of August 20, 2012 follow-on offering as well as dividend of $0.70 per share declared August 1, 2012, payable September 17, 2012 to shareholders of record August 31, 2012.

EFC: Experience, Infrastructure and Performance

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Ellington Management Group has over 17-year Track Record
EFC has a 5-year Track Record

The Right Structure to Capture Upside <u>and</u> Protect Against Downside

Extensive Infrastructure: Over 100 Employees and Industry-leading Proprietary Analytics

Compelling Market Opportunity

EFC is Well Positioned to Take Advantage of Market Opportunities and Perform Across Market Cycles

Ellington Financial LLC: Strong Momentum

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High-yielding non-Agency Strategy	■ Seeks to buy high-yielding non-Agency mortgage assets at a discount; assets produce significant carry ■ Recent rotation into lower-priced securities has created additional upside potential in the portfolio
Strong risk-adjusted Agency RMBS returns	■ EFC's leveraged Agency RMBS strategy has also generated strong returns ■ Focus on pools with prepayment protection characteristics and relative value trading opportunities ■ TBA hedges reduce prepayment risk
Active trading	■ Active trading style augments returns in both non-Agency MBS and Agency RMBS strategies
Interest rate AND credit hedging ability	■ Utilizes interest rate AND credit hedging instruments to insulate portfolio
Lower leverage	■ Utilizes lower leverage relative to its mortgage REIT peers—2.2:1 leverage ratio as of June 30, 2012
Attractive dividend yield	■ Attractive dividend yield—12.68% based on closing price as of September 7, 2012 of $22.08 ■ Management expects to continue to recommend quarterly dividends of $0.70 per share[1] ■ Board of Directors will consider, at the end of any year, whether to declare a special dividend
Strong return track record	■ EFC life-to-date total return based on book value per share from inception in August 2007 through August 31, 2012 is 82%[2] ■ Management expects to continue to recommend quarterly dividends of $0.70 per share[1] ■ Board of Directors will consider, at the end of any year, whether to declare a special dividend
Recent Secondary Offering	■ On August 20, 2012, EFC completed a secondary public offering of 3.5 million common shares for net proceeds of approximately $76.7 million, after deducting underwriting discounts and commissions and estimated expenses

(1) We cannot assure you that we will pay any future dividends to our shareholders. The declaration and amount of future dividends remain in the discretion of the Board of Directors.
(2) Life-to-date total return based on $19.17 net book value per share at inception in August 2007 and is calculated assuming the reinvestment of dividends.

Experience Matters

Senior management has an average of 25 years of trading and risk management experience in the mortgage market

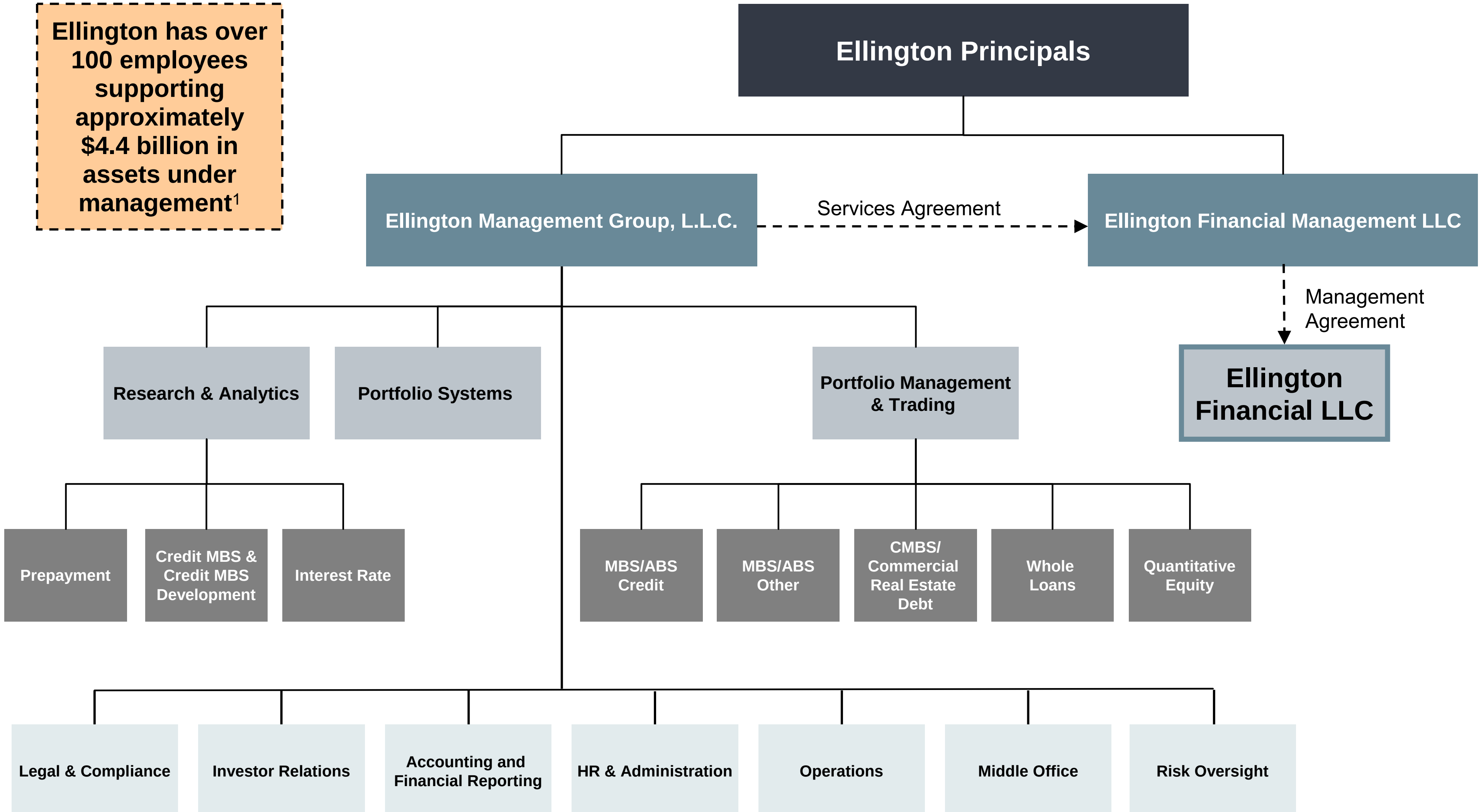
	Years of Experience[2]	Years at Ellington[2]	
Michael Vranos Co-Chief Investment Officer[1]	29	17	■ Founder and CEO of Ellington ■ Former head of RMBS trading and origination at Kidder Peabody ■ B.A. in Mathematics from Harvard University (magna cum laude, Phi Beta Kappa)
Laurence Penn Chief Executive Officer[1]	28	17	■ Vice Chairman of Ellington, CEO of EFC ■ Former Co-head of CMO origination and trading at Lehman Brothers ■ B.A. in Mathematics from Harvard University (summa cum laude, Phi Beta Kappa)
Mark Tecotzky Co-Chief Investment Officer	26	6	■ Head of Ellington's ABS/RMBS credit investing ■ Former senior mortgage trader at Credit Suisse ■ B.S. from Yale University; received a National Science Foundation fellowship to study at MIT
Robert Kinderman Head Portfolio Manager for RMBS and ABS Credit	14	14	■ Senior portfolio manager for Ellington mortgage credit investing ■ Directs development of analytics to support mortgage credit trading ■ B.A in Mathematics and Economics from Yale University

Ellington employs over 100 people; more than 20% are dedicated to research and systems

(1) Holds a seat on the Board of Directors of EFC.
(2) As of September 2012.

EFC Leverages the Broader Ellington Platform: Our Infrastructure Is A Competitive Advantage

Ellington has over 100 employees supporting approximately $4.4 billion in assets under management[1]

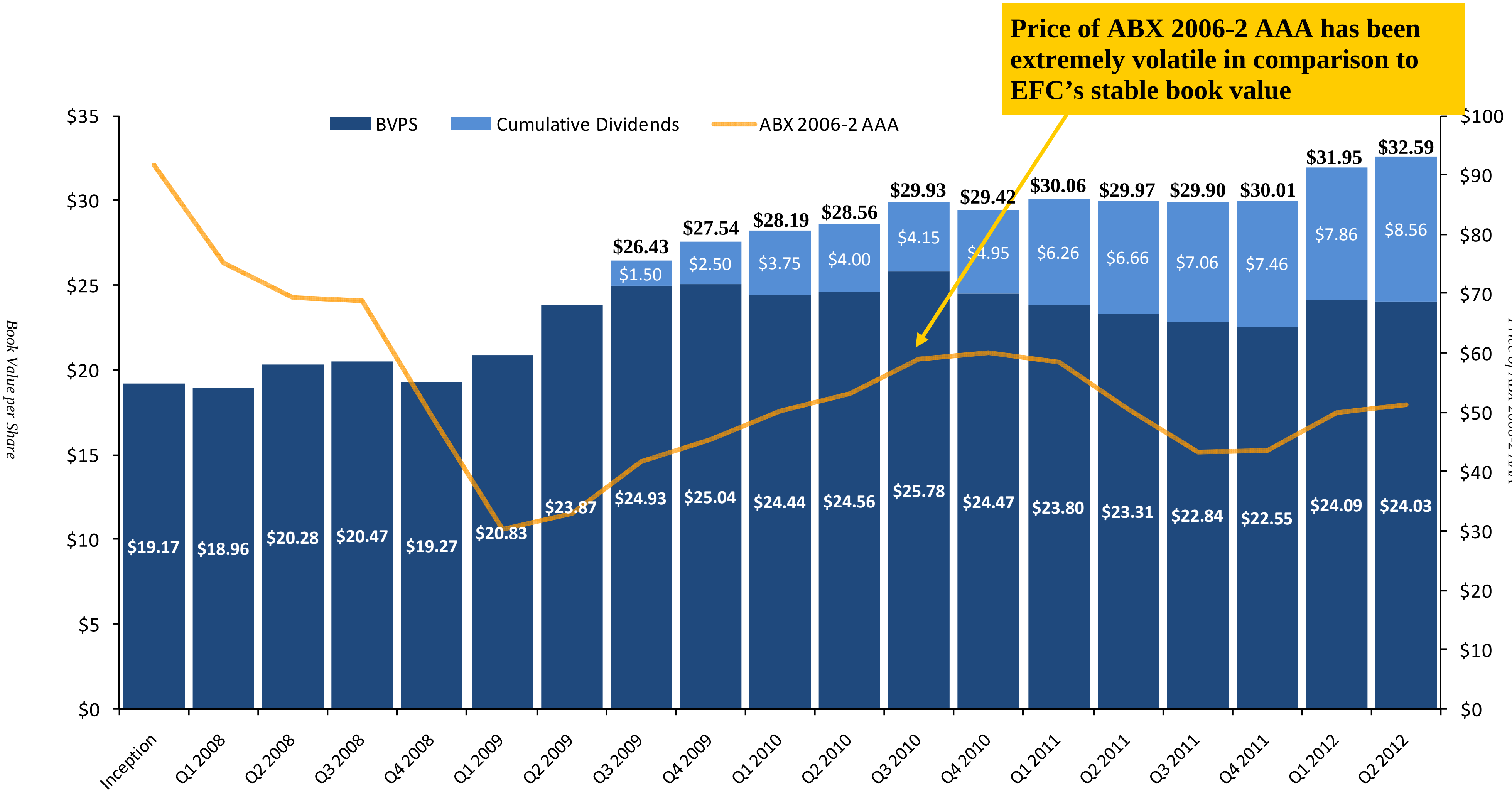


Sophisticated infrastructure supports rigorous management of credit, interest rate, liquidity and other risks

(1) As of 7/31/2012.

EFC: Book Value

- **EFC has successfully preserved book value through market cycles, while producing strong results for investors**
- **EFC life-to-date net-asset-value-based total return from its August 2007 inception through August 31, 2012 is approximately 82%[2]**



(1) Source: Bloomberg, Markit

(2) Total return is based on $19.17 net book value per share at August 2007 inception and reported August 31, 2012 estimated book value per share of $23.98 and assumes the reinvestment of dividends. Dividends were paid in the quarter following the period related to such performance.

Non-Agency RMBS Market-Period to Period Comparison

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	June 30, 2012	March 31, 2012	March 31, 2011
Outlook for home prices	We have started to see home price appreciation in some of the hardest hit housing areas. The significant capital raised for REO to rental has raised REO prices thereby reducing loss severity on liquidated loans. It also seems to have forced some prospective home buyers with mortgage contingencies to focus on new contruction with home builders	We expected many non-judicial foreclosure states to hit bottom; distressed sales in these areas tapered off; many markets supported by REO-to-rental	We expected significant further declines nationally; market was still facing headwinds from end of 2010 homebuyer's tax credit
Market pricing assumption for 2006/2007 distressed RMBS vintages	Assumptions about servicer behavior remained relatively constant from Q1 2012 but increasing use of short sales and improved pricing at REO sales has begun to reduce loss severity	Cashflow shortfalls were becoming obvious; some of the securities with significant modifications and/or reduced servicer advancing were becoming undervalued	Market was underestimating the effects of servicing behavior and increased foreclosure timelines
Typical 2006/2007 Subprime "Last Cash Flow" price	32 to 42	30 to 40	37 to 47
Typical "pro-rata pay" 2006/2007 Alt-A Hybrid price	42 to 52	40 to 50	52 to 62
Outlook for loss severities	Loss severities should continue to improve as advances have declined and there has been increased use of short sales and more aggressive bidding for REO properties	We expected loss severities to decrease on many securities as servicer advances declined and as many of the "worst" loans were already liquidated	We expected severities to increase as a result of extended foreclosure timelines
Maiden Lane I, II and III remaining amounts to be sold	As of August 31, 2012, Maiden Lane II and III are all sold. Only $100mm non-Agency remains of Maiden Lane I as of June 2012	$15 billion	$35 billion
EFC non-Agency RMBS portfolio average price	56.19	56.83	72.18

- **Current market offers higher yields in a better housing market than one year ago**

Outlook

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- **Non-Agency**
  - **Absolute yields on non-Agency RMBS are not as high as they were at the start of the year, but compared to U.S. Treasuries, Agency RMBS and investment grade corporate bonds, the relative yields on non-Agency RMBS haven't changed that much as those sectors have rallied as well**
  - **We expect continued demand for non-Agency MBS. The change in capital treatment by the insurance industry and parts of the banking industry has resulted in significant demand and vastly improved technicals. Similar to what we have seen throughout 2012, we expect near term returns to come from a combination of yield capture, price appreciation and trading opportunities**
  - **Both fundamentals and technicals of the housing market are much better than at any other time in the 5-year history of the Company. Our expectation is that EFC will benefit from lower future default rates and lower future loss severities**
- **Agency**
  - **Combination of low mortgage rates, HARP 2.0 incentives and potential housing policy changes should keep absolute prepayment levels high and the uncertainty elevated. Recently, Agency RMBS valuations were helped substantially by market expectations of QE3**
  - **Current environment of elevated risk and ongoing uncertainty make it an ideal time to take on relative prepayment exposure and it is also creates numerous trading opportunities**

EFC: Shadow Inventory and Home Prices Improve - Led by Hardest Hit Areas

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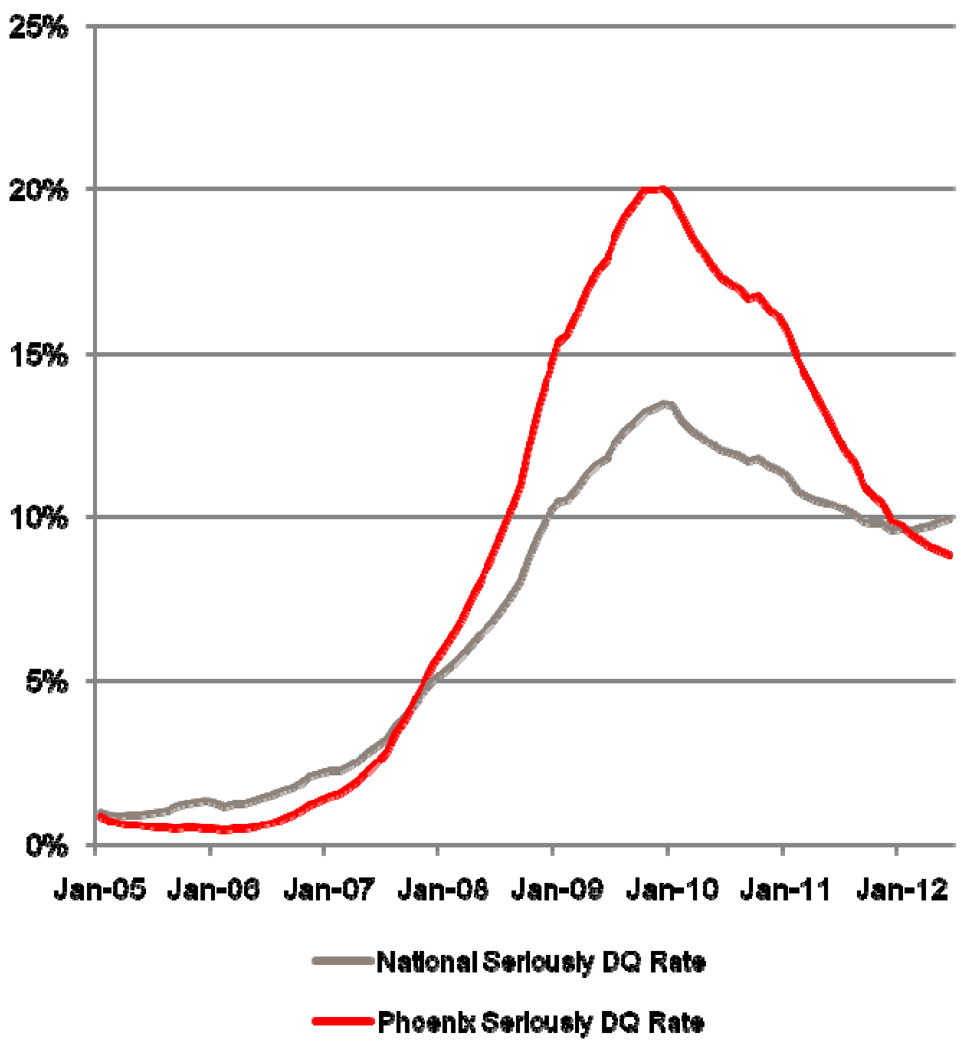
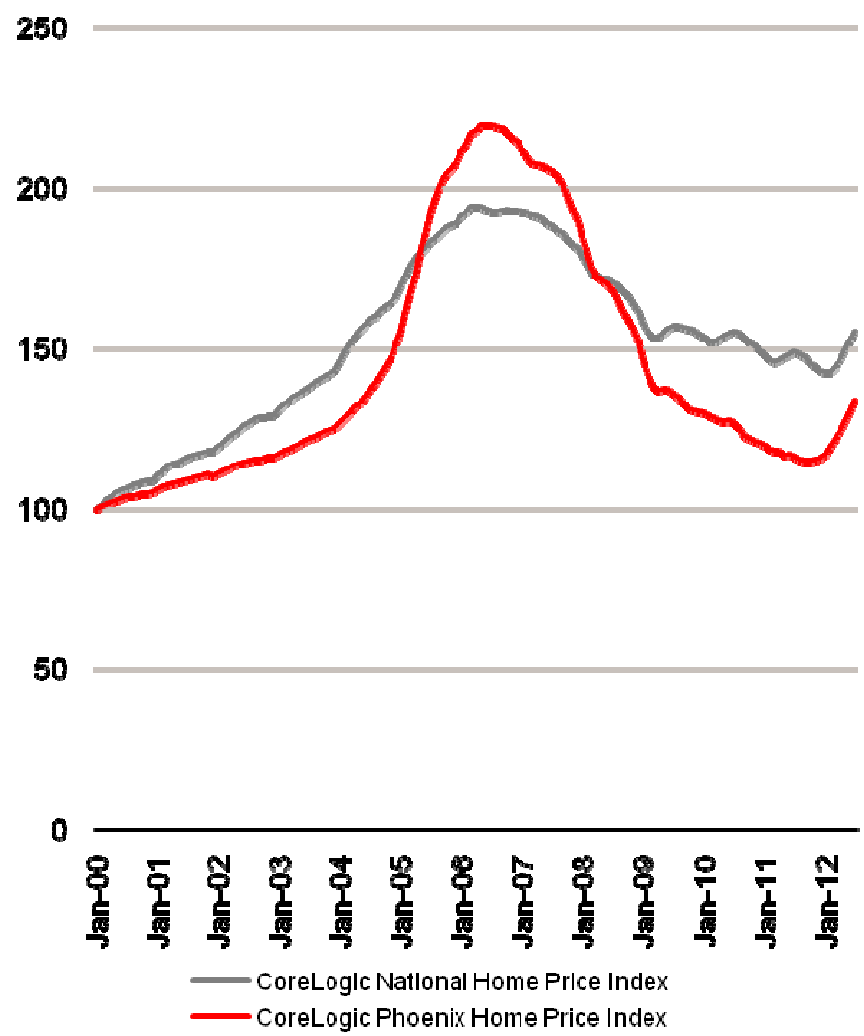
Shadow Inventory Down Substantially



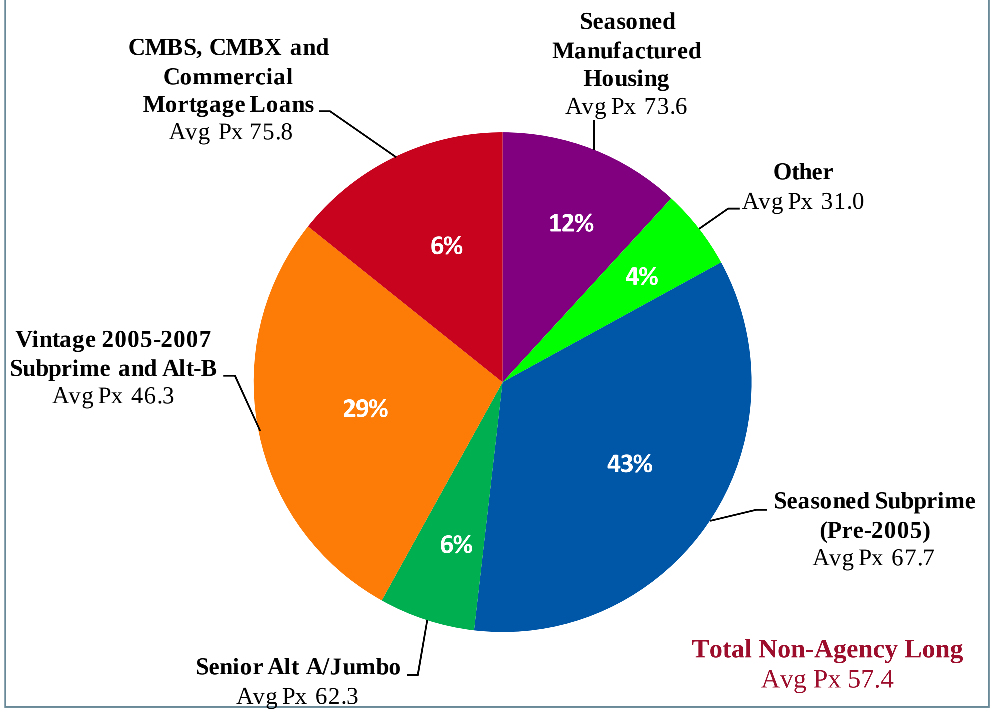
Home Prices Start to Turn Up In the Hardest Hit Areas



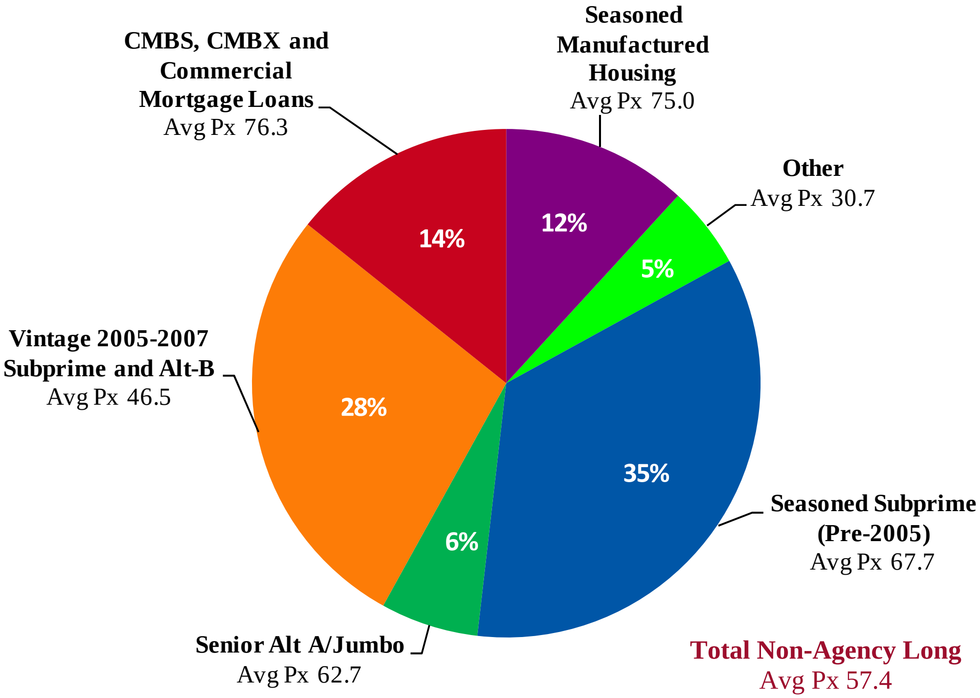
Source: Standard & Poor's / Case-Shiller, Lender Processing Services, National Association of Realtors, and Ellington.

EFC: Non-Agency Long Portfolio

Previous Quarter
Non-Agency Long Portfolio 3/31/12: $433MM[1,2]



Current Quarter
Non-Agency Long Portfolio 6/30/12: $452MM[1,2]



- **Non-Agency portfolio is currently concentrated in:**
  - Seasoned securities where underlying borrowers have equity in their homes and where borrower performance has improved
  - Deeply discounted securities with potential upside to an improving housing market
  - Securities that maintain attractive yields when subjected to moderate home price stresses
- **During the second quarter, EFC increased the market value of its combined non-Agency RMBS/CMBS portfolio**

(1) Non-Agency portfolio includes PrimeX, CMBX and other synthetic credit positions, based on their respective bond equivalent values. Bond equivalent values for CDS represent the investment amount of a corresponding position in the reference obligation or index constituents, calculated assuming a price equal to the difference between (i) par and (ii) the tear up price ("points up front"). This information does not include interest rate swaps, TBA positions, equity swaps or other hedge positions. The bond equivalent value of credit derivatives in the non-Agency long portfolio include $31.4 million of long CMBX positions and $2.4 million of long Primex positions at June 30, 2012, and $8.3 million of long CMBX positions at March 31, 2012. The corresponding net fair value of net long credit derivatives is $(17.6) million at June 30, 2012 and $(11.5) million at March 31, 2012.
(2) Average price excludes interest-only securities and long credit derivatives at June 30, 2012 and March 31, 2012.

EFC: Non-Agency Long Portfolio as of June 30, 2012

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- **EFC non-Agency MBS strategy is the main driver of earnings**
- **Non-Agency long portfolio value: $452MM[1] as of 6/30/2012 (which includes $418.1 million of long non-Agency MBS and loans and $33.8 million of bond equivalent value of long credit derivatives):**

MBS Sector	Fair Value (millions)	Average Price[2]	Weighted Average Life[3]	Historical 1-Year CPR[4]	Est. Yield at Market Price at HPA Down 15%[5]	Est. Yield at Market Price at HPA Flat[5]
Seasoned Subprime	$157.3	67.7%	6.4 years	8.2%	9.53%	10.49%
Vintage 2005-2007 Subprime and Alt-B	125.2	46.5	4.5	13.6	8.91	11.69
Seasoned Manufactured Housing	53.4	75.0	5.8	6.5	9.74[6]	9.74
Senior Alt-A/Jumbo	28.1	62.7	4.6	11.5	8.47	10.41
CMBS and Commercial Mortgage Loans	64.4	76.3	6.4	N/A	7.69[6]	7.69
Other	23.5	30.7	8.6	11.0	9.73	11.69
Total	**$451.9**	**57.4%**	**5.7 years**	**10.1%**	**9.17%**	**10.59%**

(1) For 6/30/2012, fair value includes $31.4mm of bond equivalent value of long CMBX positions and $2.4mm of bond equivalent value of long Primex positions. The above table does not include these positions in averages or totals.
(2) Average price excludes interest-only and other similar securities. All averages in this table are weighted averages using fair value, except for average price which uses principal balance.
(3) Weighted average life assumes "base case" cashflows using Ellington proprietary models. Excludes interest-only and other similar securities.
(4) Source for historical 1-Year CPR is Intex. Excludes interest-only and other similar securities, CMBS and commercial mortgage loans and any securities where Intex CPR not available.
(5) Estimated yields at market prices are management's estimates derived from Ellington proprietary models based on prices and market environment as of 6/30/12 and include the effects of future estimated losses. The above analysis should not be considered a recommendation to purchase or sell any security or class of securities. Average sector yields include interest-only securities and exclude securities for which yields were unavailable. 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 the actual performance of our portfolio may differ from the data presented above, and such differences might be significant and adverse.
(6) Yields for manufactured housing securities, CMBS and commercial mortgage loans are held constant for this analysis as management believes these underlying properties are less directly affected by changes in national home prices.

EFC: Credit Hedging Portfolio

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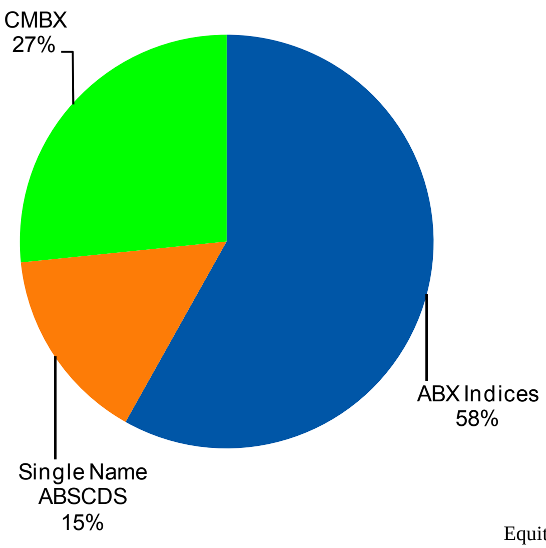
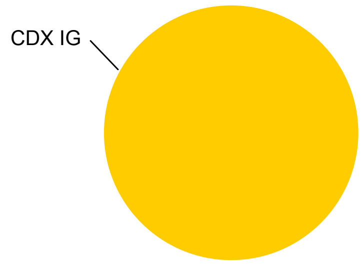
Previous Quarter
Credit Hedging Portfolio 3/31/12: $161MM[1]

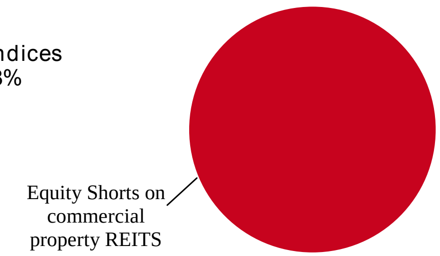
CDS on MBS: $59.7mm



Corporate CDS: $78.6mm

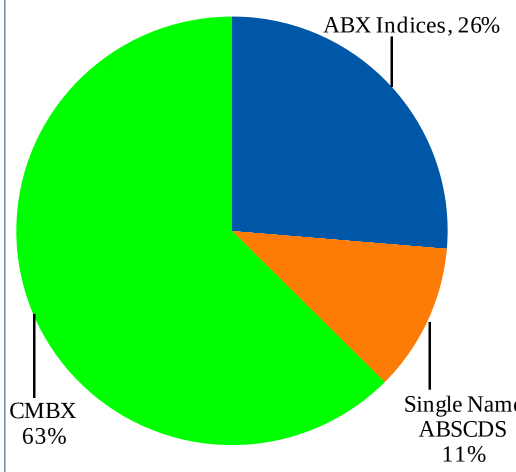


Equity Swaps: $22.4mm

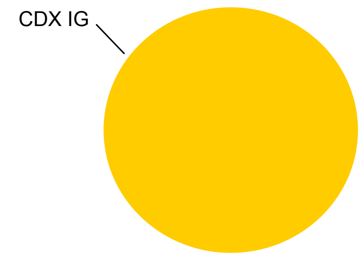


Current Quarter
Credit Hedging Portfolio 6/30/12: $153MM[1]

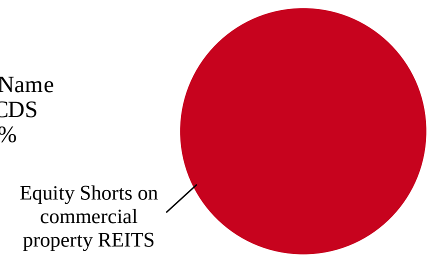
CDS on MBS: $72.5mm



Corporate CDS: $57.9mm



Equity Swaps: $22.3mm



- **During the second quarter:**
  - ABX hedges were substantially reduced
  - CMBX hedges were added in order to hedge CMBS long positions added in the second quarter
  - Corporate CDS protection was reduced after increasing substantially in value
  - Receipt of credit-event payments and opportunistic pair-offs continue to shrink the short single-name ABSCDS portfolio

(1) Credit hedging portfolio includes synthetic credit positions based on their respective bond equivalent values in the case of CDS. See footnote 1 on page 11 for a description of bond equivalent value of CDS. This information does not include interest rate swaps, TBA positions and other hedge positions. The total bond equivalent value of CDS on MBS and Corporate CDS is $130.4 million at June 30, 2012 and $138.3 million at March 31, 2012. The corresponding net fair value of net short CDS on MBS and short Corporate CDS is $51.4 million at June 30, 2012 and $73.1 million at March 31, 2012. For equity swaps, the amounts above represent notional value, based on the number of underlying shares multiplied by price per share at June 30, 2012 and March 31, 2012. The fair value of equity swaps as of June 30, 2012 is $(0.3) million and $(0.2) million as of March 31, 2012.

EFC: Agency Long Portfolio

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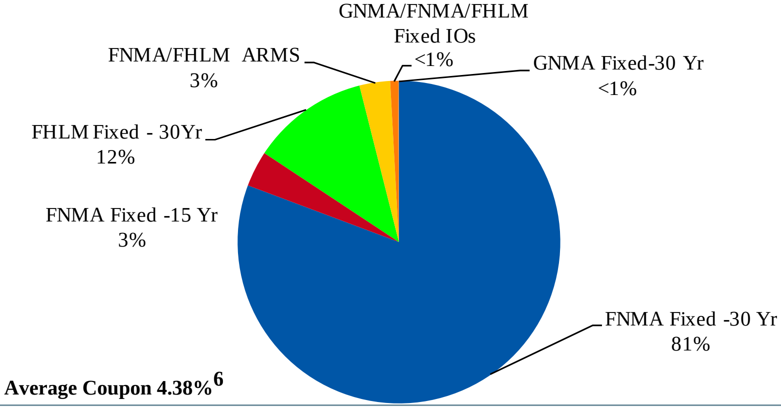
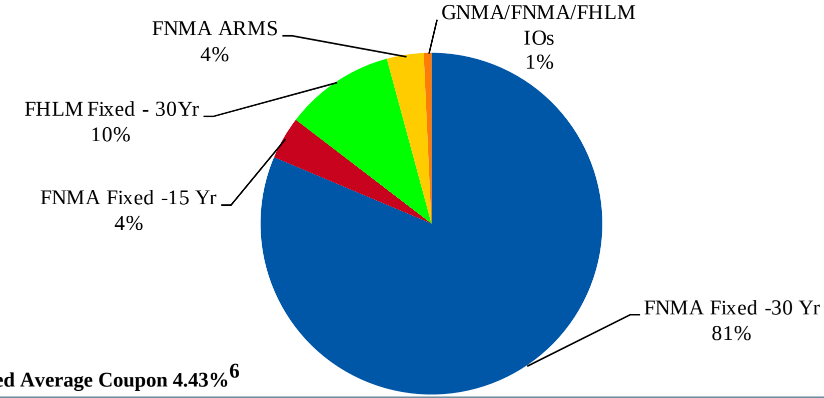
Previous Quarter
Agency Long Portfolio 3/31/12: $783MM[1]



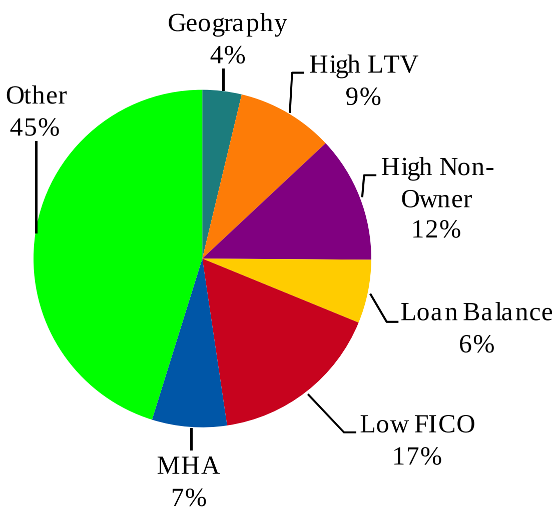
Weighted Average Coupon 4.38%[6]

Current Quarter
Agency Long Portfolio 6/30/12: $650MM[1]



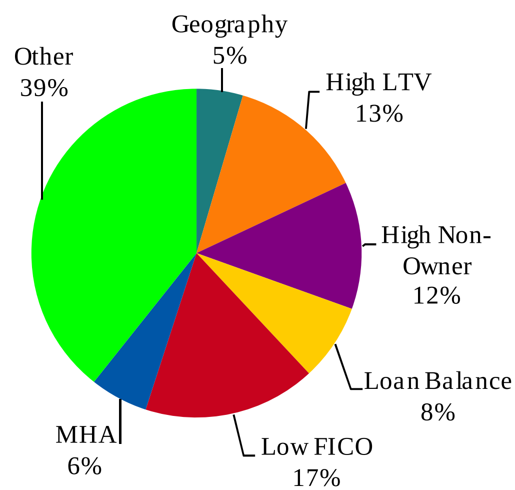
Weighted Average Coupon 4.43%[6]

Collateral Characteristics and Historical 3-month CPR
Agency Fixed Rate Pool Portfolio 3/31/12: $753MM[2]



Characteristic[3]	Fair Value[4]	3-Month Historical CPR
Geography	$28.2	3.8
High LTV	69.9	8.5
High Non-Owner Occupied	91.1	4.4
Low Loan Bal	45.9	7.8
Low FICO	124.0	4.2
MHA[5]	53.9	1.5
Other	340.4	5.5
Totals	$753.4	5.1

Collateral Characteristics and Historical 3-month CPR
Agency Fixed Rate Pool Portfolio 6/30/12: $623MM[2]



Characteristic[3]	Fair Value[4]	3-Month Historical CPR
Geography	$28.4	0.7
High LTV	83.8	8.3
High Non-Owner Occupied	77.6	7.0
Low Loan Bal	47.1	2.3
Low FICO	105.8	7.9
MHA[5]	35.6	5.9
Other	244.7	11.2
Totals	$623.0	8.3

(1) Does not include long TBA positions. Agency long portfolio includes $645.7 million of long Agency securities at 6/30/2012 and $777.4 million at 3/31/2012. Additionally, the long Agency portfolio includes $4.7 million of interest-only securities at 6/30/2012 and $6.0 million at 3/31/2012.
(2) Excludes non-fixed rate Agency RMBS, interest-only securities and securities without any prepayment history.
(3) Classification methodology may change over time as market practices change.
(4) Fair values are shown in millions.
(5) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.
(6) Represents weighted average net pass-through rate. Excludes interest-only securities.

EFC: Agency Interest Rate Hedging Portfolio

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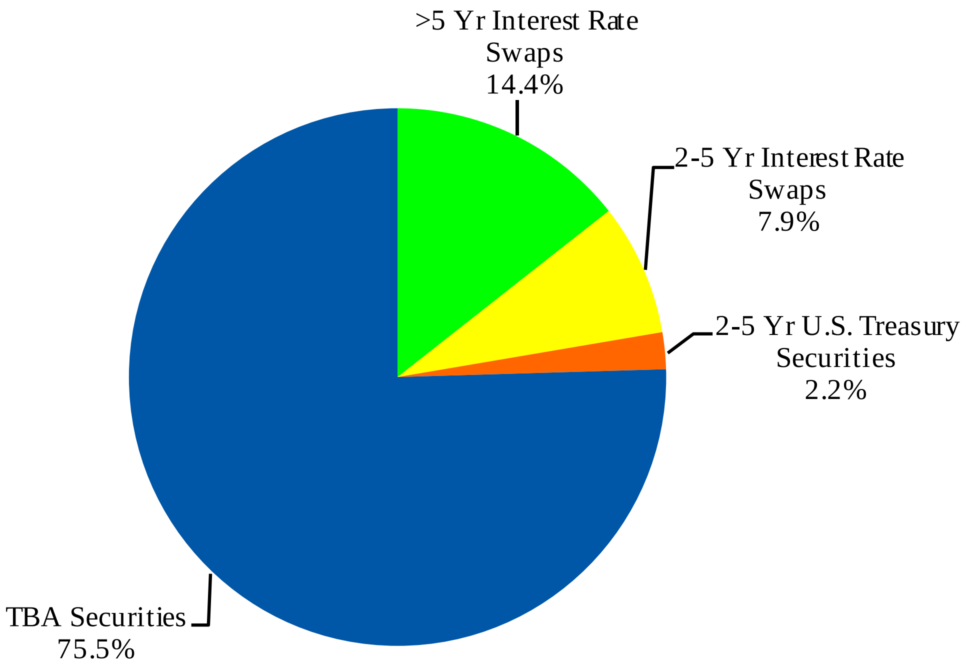
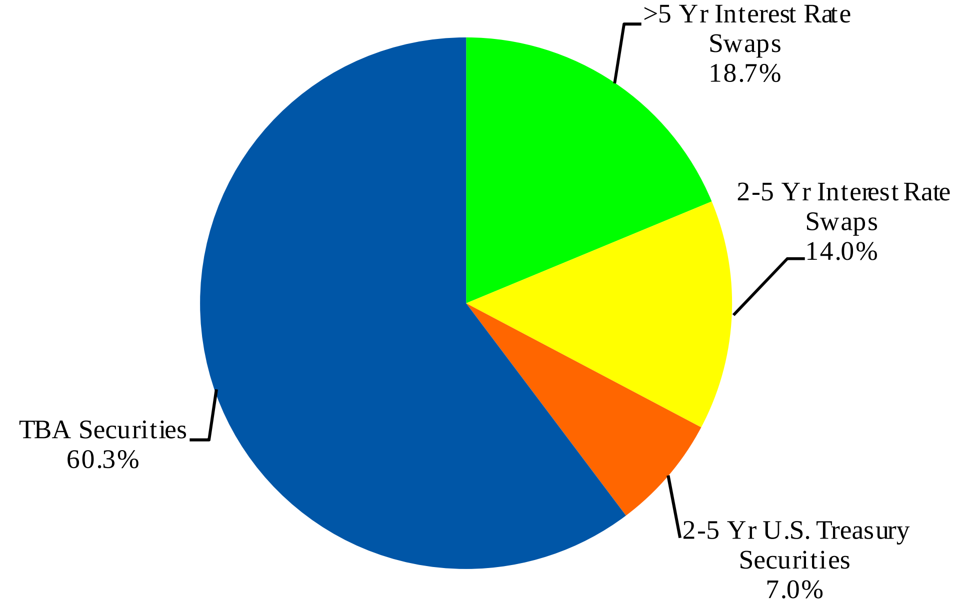
Previous Quarter
Agency Interest Rate Hedging Portfolio 3/31/12:
Short $281MM 10-year equivalents



Current Quarter
Agency Interest Rate Hedging Portfolio 6/30/12:
Short $208MM 10-year equivalents[1]



- **Agency interest rate hedges are shown in normalized units of risk, with each group of positions measured in "10-year equivalents."**
- **During the second quarter:**
  - Hedges were reduced as portfolio size was reduced
  - More hedges moved into swaps and out of TBA
  - Much of the systemic prepayment risk is reduced by premium-priced mortgage short positions

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.
(1) Totals for 6/30/2012 exclude a long 10-year U.S. Treasury position with a fair value of $5.0 million.

EFC: Capital and Leverage

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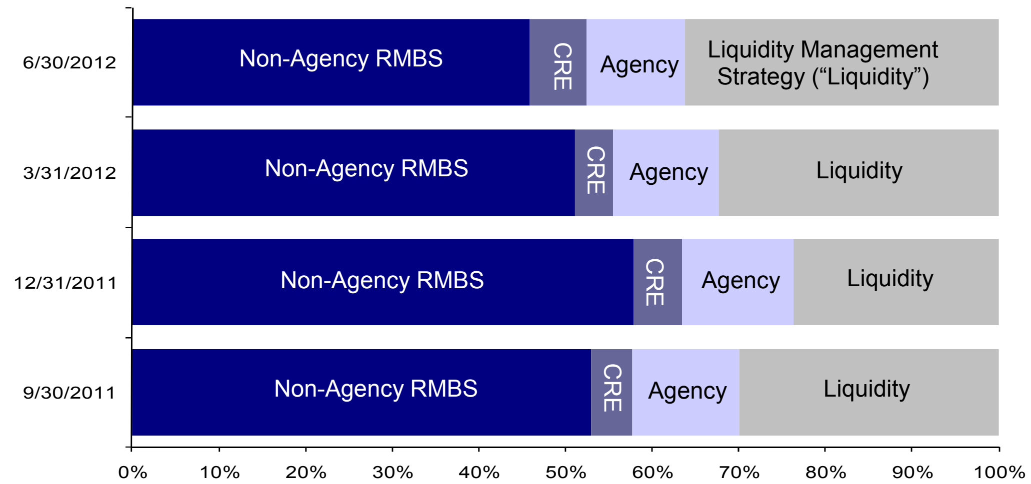
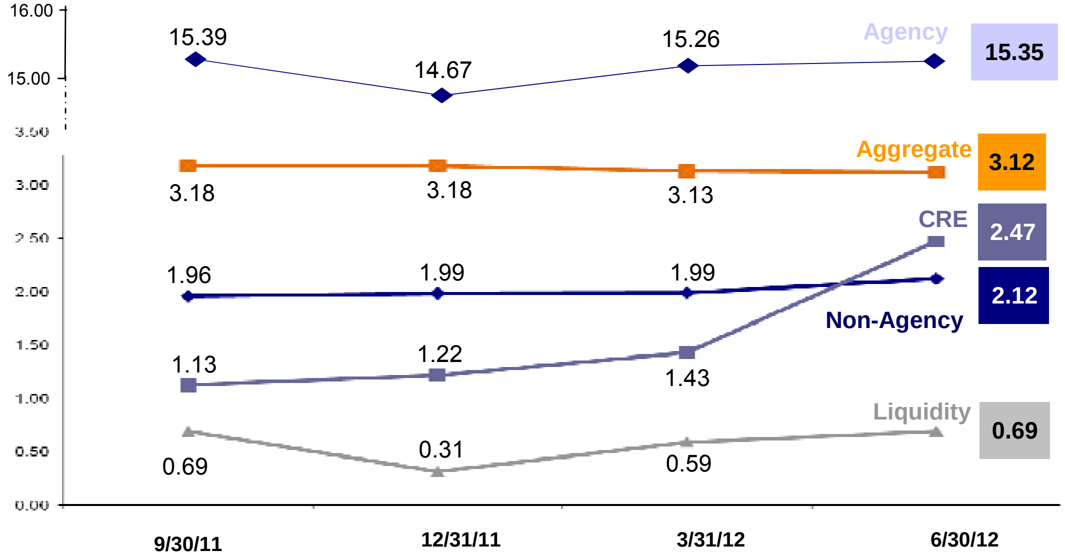
Capital Usage Across Entire Portfolio



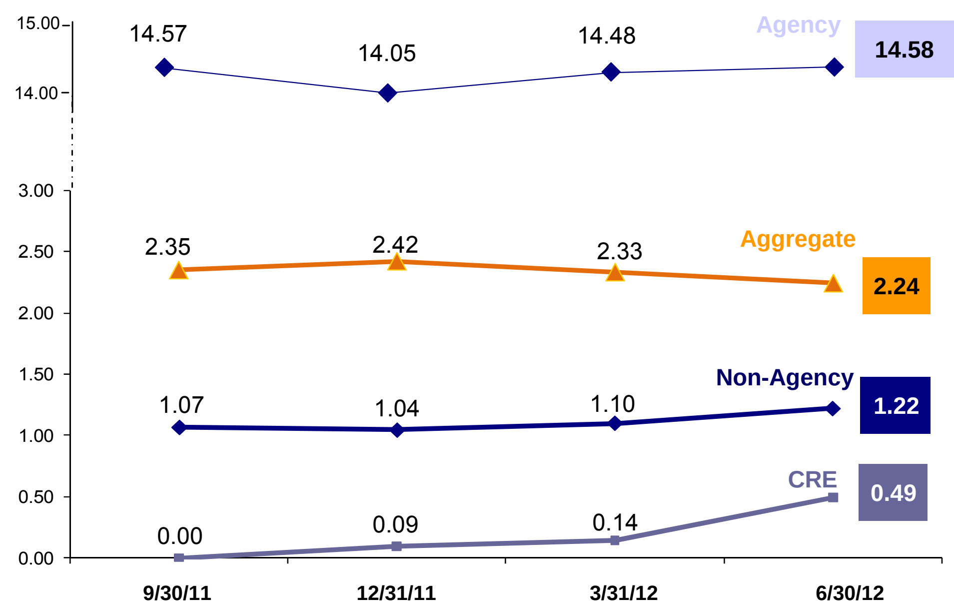
Note to Capital Usage Across Entire Portfolio table: Includes settled investment amounts net of repo borrowings and securitized debt, initial margin of hedges and synthetic long positions, and other assets and liabilities associated with each category. “Agency” strategy includes capital usage associated with leveraged investments in agency pools, as well investments in agency IOs and associated interest rate hedges. "Liquidity management strategy" includes capital usage associated with non-leveraged investments in agency pools, unencumbered cash and other miscellaneous assets and liabilities. A substantial portion of the capital used by the Liquidity Management Strategy includes capital set aside for the Company’s leveraged strategies, to enable the Company to better withstand adverse changes in market conditions and financing availability. Thus even when the Company considers itself to be “fully invested,” there is still significant capital used by the Liquidity Management Strategy. “CRE” refers to CMBS, CMBX and Commercial Mortgage Loans.

Leverage By Strategy (Assets/Capital Usage)



Note: Ratio of (i) strategy total fair value of settled MBS and Commercial Mortgage Loans and bond equivalent amount of settled synthetic long MBS/ABS positions, to (ii) strategy capital usage. See footnote 1 on page 9 for a description of bond equivalent value for CDS.

Leverage By Strategy (Debt/Capital Usage)



Note: Ratio of (i) strategy total repo liabilities and securitized debt associated with settled MBS and Commercial Mortgage Loans, to (ii) strategy capital usage.

EFC: Gross Profit and Loss

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- **In times of MBS market distress, the use of hedging instruments has been effective in insulating long non-Agency portfolio from credit risk**
  - **Historically, non-Agency hedges have contributed gains to the overall portfolio**

	Six Months Ended June 30, 2012		Years Ended 2011		2010		2009		2008	
($ In Thousands)	$	%	$	%	$	%	$	%	$	%
Long: Non-Agency	50,622	13.01	1,505	0.39	70,840	21.87	101,748	36.33	(64,565)	-26.20
Credit Hedge: Non-Agency	(6,428)	-1.65	19,895	5.16	(7,958)	-2.46	10,133	3.62	78,373	31.81
Interest Rate Hedge: Non-Agency	(2,588)	-0.67	(8,171)	-2.12	(12,150)	-3.75	(1,407)	-0.50	(3,446)	-1.40
Long: Agency	23,319	6.00	63,558	16.47	21,552	6.65	22,171	7.92	4,763	1.93
Interest Rate Hedge: Agency	(13,907)	-3.58	(54,173)	-14.04	(14,524)	-4.48	(8,351)	-2.98	(6,414)	-2.60
Gross Profit	**51,018**	**13.11**	**22,614**	**5.86**	**57,760**	**17.83**	**124,294**	**44.39**	**8,711**	**3.54**

Note: Gross profit excludes expenses other than interest expense. Figures in “%” columns are as a percentage of average shareholders’ equity for the period.

Why Invest in EFC?

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- ***Proven track record and experienced management*:**
  EFC effectively protects against downside *and* captures upside

- ***Flexible structure and high current yield assets*:**
  PTP structure allows for strategic hedging, assets produce attractive ROEs

- ***Compelling RMBS market opportunity*:**
  Market inefficiencies create buying opportunities, liquidity and financing is readily available

- ***Sophisticated, proprietary analytics and infrastructure*:**
  Database of 30mm loans and research team led by John Geanakoplos, James Tobin Professor of Economics at Yale University

- ***Significant management investment and strong alignment of interests*:**
  Management owns approximately 17% of the Company[1]

(1) Management ownership includes shares held by principals of EMG and family trusts, and LTIPs. Based on shares and LTIPs outstanding following the Company's secondary offering which closed on August 20, 2012.

Supplemental Information

EFC: Non-Agency and Agency Fair Values and Average Prices

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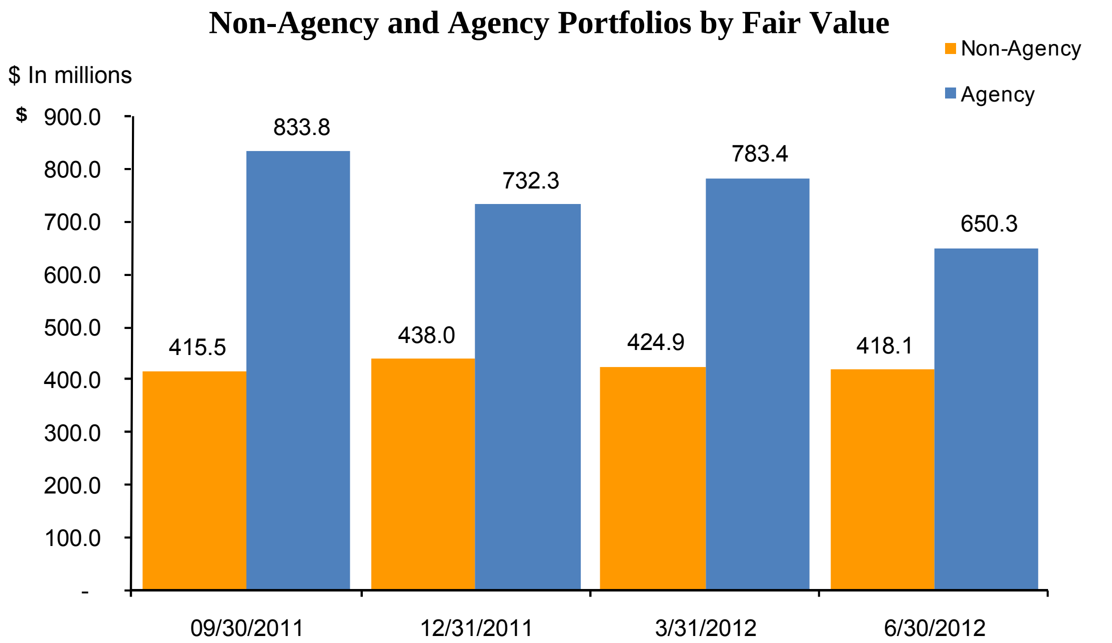

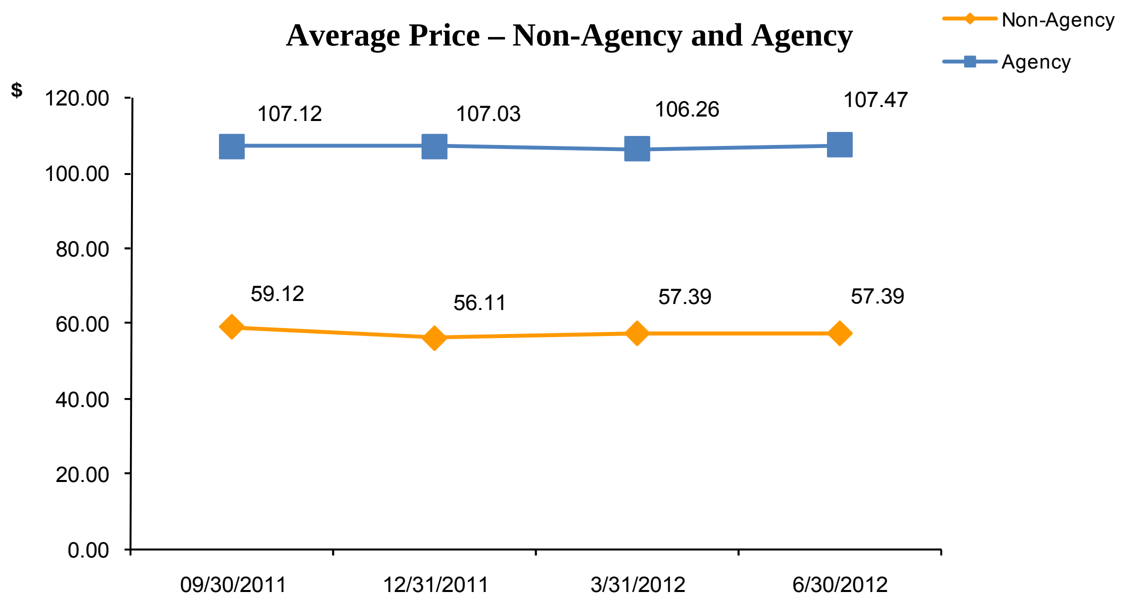

Note: Excludes interest-only and other similar securities.

EFC: Yields and Net Interest Margin

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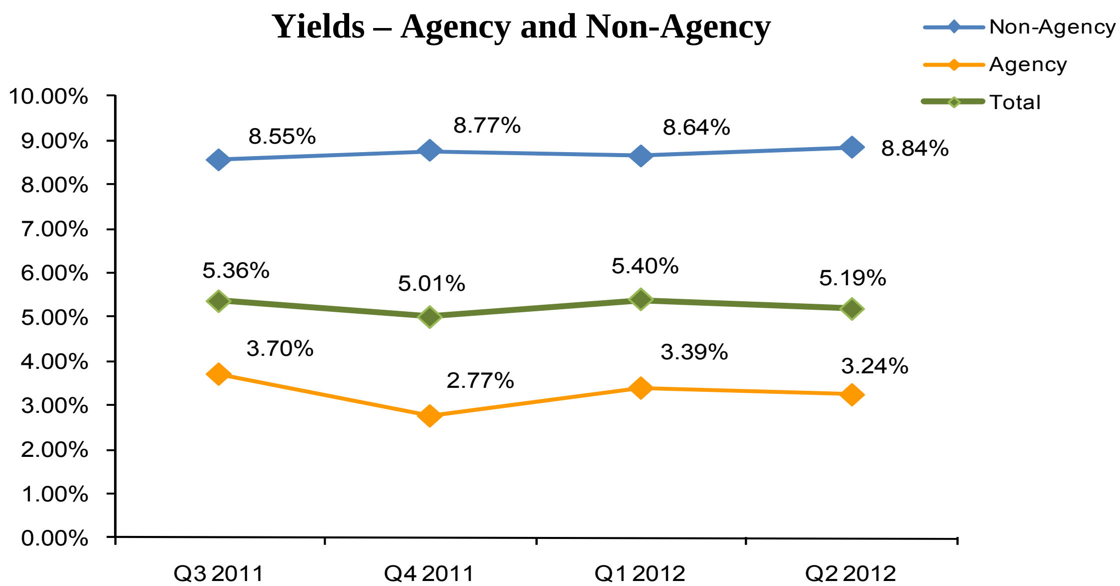
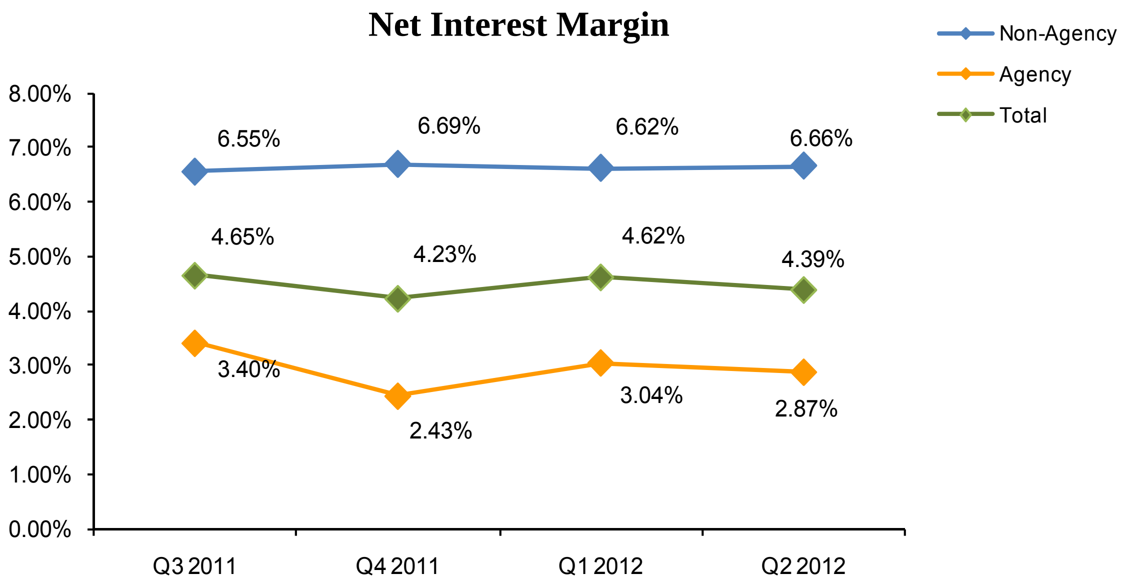


Note: Yields are based on amortized cost, not fair value.



Note: Net interest margin figures are based on amortized cost, not fair value, and exclude hedging related expenses.

EFC: Dividends and Expense Ratio

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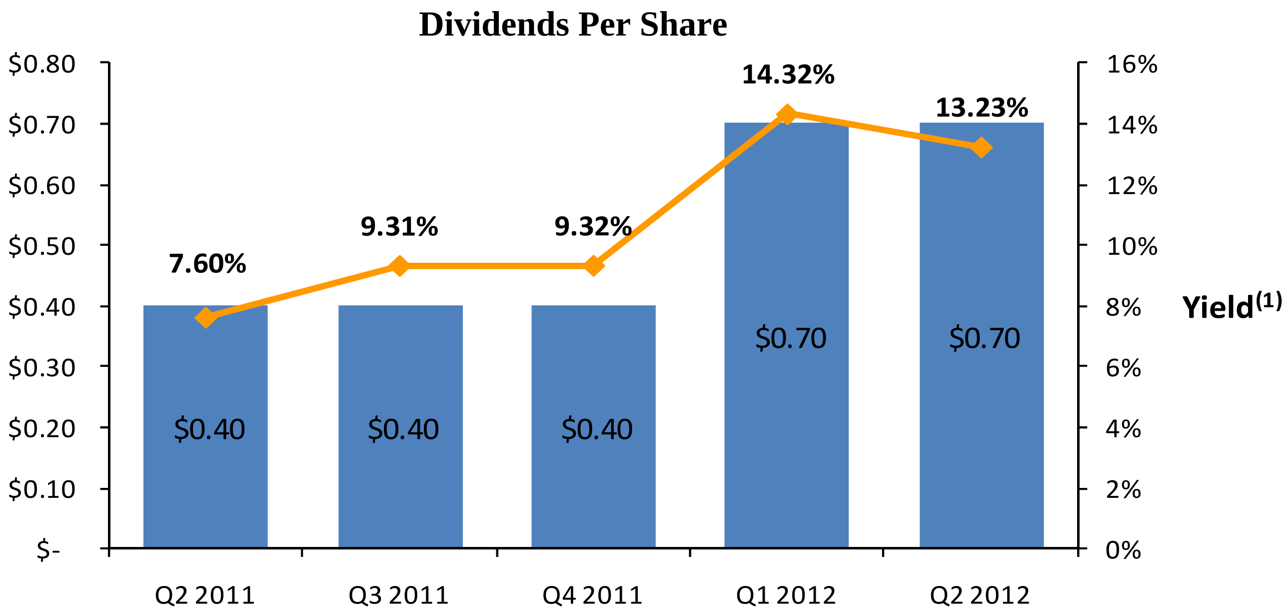
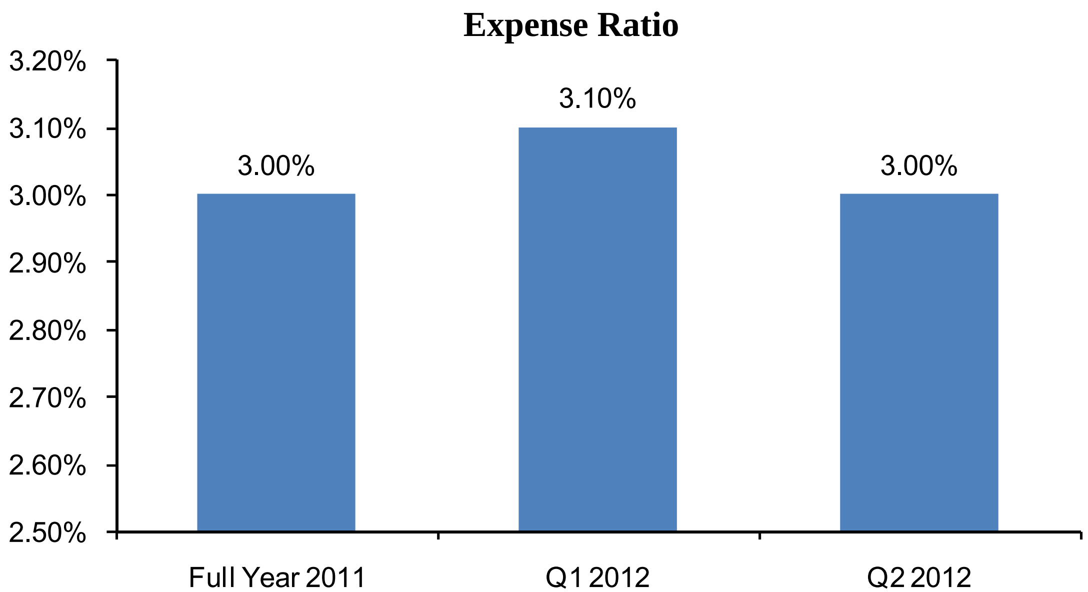


(1) Based on NYSE closing price as of period end date.



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Ellington Financial LLC (NYSE: EFC)