

EARN

ELLINGTON RESIDENTIAL MORTGAGE REIT

Ellington Residential Mortgage REIT Announces Pricing of Initial Public Offering of 6,450,000 Common Shares

May 1, 2013

OLD GREENWICH, Conn., May 1, 2013 /PRNewswire/ -- Ellington Residential Mortgage REIT (NYSE: EARN) ("EARN" or the "Company") announced today the pricing of its initial public offering of 6,450,000 common shares at a price to the public of \$20.00 per share. Total gross proceeds to the Company of the initial public offering ("the offering") will be \$129 million. EARN has also granted the underwriters a 30-day option to purchase up to an additional 967,500 common shares to cover overallocments, if any.

EARN's common shares are expected to begin trading today on the New York Stock Exchange under the ticker symbol "EARN." The Company expects to close the offering on or about May 6, 2013, subject to the satisfaction of customary closing conditions. The Company plans to use the net proceeds from the offering, together with additional borrowings, to purchase its target assets.

Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Citigroup Global Markets Inc., and UBS Securities LLC are the joint book runners for the offering. RBC Capital Markets, LLC, JMP Securities LLC, Blackstone Advisory Partners L.P., Sterne, Agee & Leach, Inc. and Tod's Point Capital LLC are acting as co-managers.

A registration statement relating to the offered shares has been filed with and declared effective by the Securities and Exchange Commission ("SEC").

The initial public offering is being made only by means of a prospectus. Copies of the prospectus for the proposed offering may be obtained by contacting: Credit Suisse Securities (USA) LLC, Attention: Prospectus Department, One Madison Avenue, New York, NY, 10010, Telephone: (800) 221-1037, or by emailing newyork.prospectus@credit-suisse.com; Deutsche Bank Securities Inc., Attention: Prospectus Group, 60 Wall Street, New York, NY 10005-2836, Telephone: (800) 503-4611, or by emailing prospectus.cpdg@db.com; Citigroup Global Markets Inc., c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, Telephone: (800) 831-9146, or by emailing batprospectusdept@citi.com; or UBS Securities LLC, Attention: Prospectus Department, 299 Park Avenue, New York, New York 10171, Telephone: (888) 827-7275.

This press release shall not constitute an offer to sell, or a solicitation of an offer to buy, nor shall there be any sale of the Company's shares of common stock in any State or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such State or jurisdiction.

About Ellington Residential Mortgage REIT.

Ellington Residential Mortgage REIT ("EARN") is a mortgage REIT that specializes in acquiring, investing in and managing residential mortgage- and real estate-related assets, with a primary focus on 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. EARN's primary objective is to generate attractive current yields and risk-adjusted total returns for shareholders by investing in assets that appropriately compensate for the risks associated with them.

This press release contains statements that constitute "forward-looking statements," including with regard to the closing of the Company's initial public offering, the anticipated use of net proceeds therefrom. No assurance can be given that the offering discussed above will be completed on the terms described, or at all, or that the net proceeds from the offering will be used as indicated. Completion of the offering on the terms described, and the application of net proceeds from the offering, are subject to numerous conditions, many of which are beyond the control of the Company, including, without limitation, availability of suitable investment opportunities; changes in interest rates; changes in the yield curve; changes in prepayment rates; the availability and terms of financing; general economic conditions; market conditions; conditions in the market for mortgage-related investments; legislative and regulatory changes that could adversely affect the business of the Company; and other factors, including those set forth in the Risk Factors section of the Company's registration statement and preliminary prospectus for the Company's initial public offering filed with the SEC, copies of which are available on the SEC's website, www.sec.gov. The Company undertakes no obligation to update these statements for revisions or changes after the date of this release, except as required by law.

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