

Ellington Financial

DATE: August 2, 2016

RE: Ellington Financial, LLC
CUSIP #288522303
Qualified Notice for Distribution Payable on September 15, 2016
Withholding Information for Withholding Agents:

In accordance with IRS regulation section 1.1446-4 this memorandum is a **Qualified Notice** with respect to the distribution of \$0.50 per share declared by Ellington Financial, LLC on August 1, 2016 and payable on September 15, 2016 to record holders as of September 1, 2016.

For tax withholding purposes, the distribution consists of the following components:

Interest Income (U.S.) that qualifies for the Portfolio Interest exception ¹	\$0.4817
U.S. dividend income ²	\$0.0126
Other interest income ³	<u>\$0.0057</u>
Total Distribution per Unit ⁴	\$0.50

(For U.S. shareholders:

In computing your U.S. federal taxable income, you should not rely on this Qualified Notice, but rather you will generally be required to take into account your allocable share of the Company's taxable income as reported to you on your Schedule K-1.)

¹ As described in §871 (h) of the Internal Revenue Code (“the Code”).

² Subject to withholding under §1441 of the Code.

³ Subject to withholding under §1441 of the Code.

⁴ No portion of this distribution represents income effectively connected with a U.S. trade or business.