

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC Sections 301, 305(b)(2).

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ This is not a loss transaction.

Blank lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2019.

Blank lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ *Charles J. Siegel* Date ▶ 1/2/20

Print your name ▶ Charles J. Siegel Title ▶ Chief Financial Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Anworth Mortgage Asset Corporation
Series B Conversion Ratio (Effective on January 1, 2020)

The conversion ratio formula is as follows:

$$CR1 = CRo + ((\$25 \times (CSY - 6.25\%)) / 4) / SP$$

CR1 = conversion ratio after the change

CRo = conversion ratio immediately preceding the change

SP = the average of the closing sale price per common share over the 10 consecutive trading day period prior to the trading day immediately preceding the earlier of the record date or the ex-dividend date of such excess cash dividend

CSY = annualized common stock dividend yield, calculated as all cash dividends and cash distributions paid to our common stockholders during the fiscal quarter, multiplied by 4, divided by SP

6.25% = Dividend Threshold Amount

4th Quarter 2019

Common stock dividend paid	\$	0.09
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Ex-Dividend Date		December 30, 2019
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Record Date		December 31, 2019
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Payable Date		January 29, 2020
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10-day pricing period:

12/12/19	\$	3.63
12/13/19	\$	3.61
12/16/19	\$	3.63
12/17/19	\$	3.70
12/18/19	\$	3.68
12/19/19	\$	3.67
12/20/19	\$	3.67
12/23/19	\$	3.62
12/24/19	\$	3.68
12/26/19	\$	3.69

(CRo) Conversion ratio before the change is:		5.5379
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(SP) Average Closing Common stock price over prior 10 days =	\$	3.66
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(CSY) Annualized common stock dividend yield =		9.8414%
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Based upon the formula and the above inputs:

CR1 =		<u><u>5.5992</u></u>
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