



Anworth Mortgage Asset Corporation

June 28, 2019

Mr. Jordan Hirsch
American Stock Transfer and Trust Company
6201 15th Avenue
Brooklyn, NY 11219

RE: Anworth Mortgage Asset Corporation
Series B Cumulative Convertible Preferred Stock
CUSIP No. 037347 30 9

Dear Mr. Hirsch:

Please accept this letter as our notification that the conversion rate of our 6.25% Series B Cumulative Convertible Preferred Stock has increased to 5.4397 shares of our Common Stock for each share of Series B Cumulative Convertible Preferred Stock effective July 1, 2019. The calculation of the new conversion rate is shown on the following page.

In addition, please arrange to have the attached letter (page 3) notifying our current holders of Series B Preferred Stock of this conversion rate increase mailed within 4 days of today. Thank you.

Best regards,

Charles J. Siegel
Chief Financial Officer





Anworth Mortgage Asset Corporation

Series B Conversion Ratio (Effective on July 1, 2019)

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

2nd Quarter 2019

Common stock dividend paid	\$	0.11
Ex-Dividend Date		June 27, 2019
Record Date		June 28, 2019
Payable Date		July 29, 2019

10-day pricing period:

06/12/19	\$	3.91
06/13/19	\$	3.92
06/14/19	\$	3.90
06/17/19	\$	3.82
06/18/19	\$	3.82
06/19/19	\$	3.82
06/20/19	\$	3.80
06/21/19	\$	3.73
06/24/19	\$	3.77
06/25/19	\$	3.76

(CRo) Conversion ratio before the change is: 5.3539

(SP) Average Closing Common stock price over prior 10 days = \$ 3.83

(CSY) Annualized common stock dividend yield = 11.5033%

Based upon the formula and the above inputs:

CR1 = 5.4397





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Series B Cumulative Convertible Preferred Stockholders

RE: Anworth Mortgage Asset Corporation
Series B Cumulative Convertible Preferred Stock
CUSIP Number 037347 30 9

Dear Series B Cumulative Convertible Preferred Stockholder:

Please be advised that the conversion rate of our 6.25% Series B Cumulative Convertible Preferred Stock has increased from 5.3539 to 5.4397 shares of our Common Stock for each share of Series B Cumulative Convertible Preferred Stock, effective July 1, 2019.

Best regards,

Charles J. Siegel
Chief Financial Officer

CJS:jh

