

Arlington Asset Investment Corp.

Form 424B5

March 11, 2015

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

Filed pursuant to Rule 424(b)(5)

Registration No. 333-193478

SUBJECT TO COMPLETION, DATED MARCH 11, 2015

PROSPECTUS SUPPLEMENT (To prospectus dated February 5, 2014)

\$

% Senior Notes due 2025

Arlington Asset Investment Corp. is offering \$ principal amount of our % Senior Notes due 2025 (the Notes) as described in this prospectus supplement and the accompanying prospectus. Interest on the Notes will accrue from , 2015 and will be paid quarterly in arrears on March , June , September and December of each year, commencing on June , 2015. The Notes will mature on March , 2025. We may redeem the Notes in whole or in part on or after March , 2018, at our option at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest to the date of redemption, as described under Description of Notes Optional Redemption. The Notes will be issued in denominations of \$25 and in integral multiples thereof.

The Notes will be our general unsecured senior obligations and will rank senior in right of payment to all of our existing and future indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will rank equally with all of our existing and future liabilities that are not so subordinated. The Notes will be effectively subordinated to all of our existing and future secured indebtedness, (including all indebtedness under repurchase agreements to the extent of the value of the assets securing such indebtedness) and the Notes will be structurally subordinated to all existing and future indebtedness (including trade payables) and preferred equity of our subsidiaries, financing vehicles or similar facilities.

Investing in the Notes involves a high degree of risk. You should carefully consider the risks described under Risk Factors beginning on page S-5 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We intend to apply to list the Notes on the New York Stock Exchange (the NYSE). If approved for listing, trading on the NYSE is expected to begin within 30 days of March , 2015, the original issue date.

	Per Note	Total
Public offering price ⁽¹⁾⁽²⁾	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us ⁽¹⁾⁽²⁾	\$	\$

(1) Plus accrued interest from March , 2015, if the initial settlement occurs after that date.

(2) Assumes no exercise of the underwriters' over-allotment option described below.

We have granted the underwriters an option to purchase up to an additional \$ aggregate principal amount of Notes within 30 days from the date of this prospectus supplement solely to cover over-allotments.

The underwriters expect to deliver the Notes to purchasers in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants on or about March , 2015.

Book-Running Manager

RBC Capital Markets

Co-Managers

Compass Point **Ladenburg Thalmann Maxim Group LLC** **MLV & Co.** **Sterne Agee** **Wunderlich
Securities**

The date of this prospectus supplement is March , 2015.

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Prospectus

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. If anyone provides you with different, inconsistent or unauthorized information or representations, you must not rely on them. This prospectus supplement and the accompanying prospectus are an offer to sell only the securities offered by these documents, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus or incorporated by reference in these documents is current only as of the respective dates of those documents or the dates that are specified therein.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of the offering of the Notes and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information. If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See **Where You Can Find More Information** in the accompanying prospectus. Unless the context otherwise requires, in this prospectus supplement, the terms the **Company**, **we**, **our**, **us** or similar references refer to Arlington Asset Investment Corp., a Virginia corporation. See **Underwriting**.

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FORWARD-LOOKING STATEMENTS

When used in this prospectus supplement, in the accompanying prospectus, in future filings with the Securities and Exchange Commission (the "SEC") or in press releases or other written or oral communications, statements which are not historical in nature, including those containing words such as "believe," "expect," "anticipate," "estimate," "plan," "could," "intend," "should," "may" or similar expressions, are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), and, as such, may involve known and unknown risks, uncertainties and assumptions. The forward-looking statements we make in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus include, but are not limited to, statements about the following:

the availability and terms of, and our ability to deploy, capital and our ability to grow our business through a strategy focused on acquiring primarily residential mortgage-backed securities ("MBS") that are either issued by U.S. government agencies or guaranteed as to principal and interest by U.S. government agencies or U.S. government-sponsored agencies ("agency-backed MBS") and MBS issued by private organizations, or private-label MBS;

our ability to forecast our tax attributes, which are based upon various facts and assumptions, and our ability to protect and use our net operating losses ("NOLs") and net capital losses ("NCLs") to offset future taxable income, including whether our shareholder rights plan will be effective in preventing an ownership change that would significantly limit our ability to utilize such losses;

our business, acquisition, leverage, asset allocation, operational, investment, hedging and financing strategies and the success of these strategies;

the effect of changes in prepayment rates, interest rates and default rates on our portfolio;

the effect of governmental regulation and actions;

our ability to quantify and manage risk;

our ability to realize any reflation of our assets;

our ability to roll our repurchase agreements on favorable terms, if at all;

our liquidity;

our asset valuation policies;

our decisions with respect to, and ability to make, future dividends;

investing in assets other than MBS or pursuing business activities other than investing in MBS;

our ability to maintain our exclusion from the definition of "investment company" under the Investment Company Act of 1940, as amended, or the 1940 Act;

our decision not to elect to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code");

the effect of general economic conditions on our business; and

other factors discussed under "Risk Factors" and elsewhere in this prospectus supplement.

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Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account information currently in our possession. These beliefs, assumptions and expectations may change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, the performance of our portfolio and our business, financial condition, liquidity and results of operations may vary materially from those expressed, anticipated or contemplated in our forward-looking statements. You should carefully consider these risks, along with the following factors that could cause actual results to vary from our forward-looking statements, before making an investment in our securities:

the overall environment for interest rates, changes in interest rates, interest rate spreads, the yield curve and prepayment rates;

current conditions and further adverse developments in the residential mortgage market and the overall economy;

potential risk attributable to our mortgage-related portfolios, including changes in fair value;

our use of leverage and our dependence on repurchase agreements and other short-term borrowings to finance our mortgage-related holdings;

the availability of certain short-term liquidity sources;

competition for investment opportunities, including competition from the U.S. Department of Treasury, or U.S. Treasury, and the U.S. Federal Reserve, for investments in agency-backed MBS, as well as the termination by the U.S. Federal Reserve of its purchases of agency-backed MBS;

the federal conservatorship of the Federal National Mortgage Association, or Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac, and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the federal government;

mortgage loan prepayment activity, modification programs and future legislative action;

changes in our acquisition, hedging and leverage strategies, changes in our asset allocation and changes in our operational policies, all of which may be changed by us without shareholder approval;

failure of sovereign or municipal entities to meet their debt obligations or a downgrade in the credit rating of such debt obligations;

fluctuations of the value of our hedge instruments;

fluctuating quarterly operating results;

changes in laws and regulations and industry practices that may adversely affect our business;

volatility of the securities markets and activity in the secondary securities markets;

our ability to successfully expand our business into areas other than investing in MBS; and

the other important factors identified, or incorporated by reference in this prospectus supplement or the accompanying prospectus, including, but not limited to those under the captions Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10-K for the year ended December 31, 2014, as amended, and those described under the caption Risk Factors in this prospectus supplement.

We cannot guarantee future results, levels of activity, performance or achievements. These and other risks, uncertainties and factors could cause our actual results to differ materially from those projected in any forward-looking statements we make. All forward-looking statements speak only as of the date on which they are made.

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New risks and uncertainties arise over time, and it is not possible to predict those events or how they may affect us.

Except as required by law, we are not obligated to, and do not intend to update or revise any forward-looking statements set forth or incorporated by reference in this prospectus supplement or the accompanying prospectus to reflect new information, future events or otherwise. See **Where You Can Find More Information** in the accompanying prospectus.

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INFORMATION INCORPORATED BY REFERENCE

This prospectus supplement and the accompanying prospectus are part of a registration statement that we have filed with the SEC. The SEC allows us to incorporate by reference the information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus from the date we file that document. Any documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act with the SEC after the date of this prospectus supplement and before the date that the offering of Notes by means of this prospectus supplement and accompanying prospectus is terminated will automatically update and, where applicable, supersede any information contained or incorporated by reference in this prospectus supplement and accompanying prospectus. We incorporate by reference into this prospectus supplement and the accompanying prospectus the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

our Annual Report on Form 10-K for the year ended December 31, 2014 filed on February 9, 2014 and Amendment No. 1 to our Form 10-K, filed on Form 10-K/A on February 20, 2015;

the information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2013 from our Definitive Proxy Statement on Schedule 14A filed on April 9, 2014; and our Current Report on Form 8-K filed on February 4, 2015 and our Current Report on Form 8-K filed on March 11, 2015.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus are delivered, upon his or her written or oral request, a copy of any or all documents referred to above that have been or may be incorporated by reference into this prospectus supplement and the accompanying prospectus, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You may request those documents from us by contacting our Corporate Secretary at the following address: Arlington Asset Investment Corp., 1001 Nineteenth Street North, Arlington, Virginia 22209, Attention: Corporate Secretary.

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SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus. Because this is a summary, it may not contain all of the information that is important to you. You should read the entire prospectus supplement and the accompanying prospectus, including the section entitled "Risk Factors" and the documents incorporated by reference herein before making an investment decision.

Our Company

Arlington Asset Investment Corp. is a principal investment firm that currently acquires and holds primarily mortgage-related assets and holds certain other assets. We acquire residential MBS, either issued by U.S. government agencies or guaranteed as to principal and interest by U.S. government agencies or U.S. government-sponsored entities, or agency-backed MBS. We also acquire MBS issued by private organizations, or private-label MBS, subject to maintaining our exemption from regulation as an investment company under the Investment Company Act of 1940, as amended. In the future, we may acquire and hold other types of assets, including commercial MBS, asset backed securities, other structured securities, commercial mortgage loans, commercial loans, residential mortgage loans, and other real estate-related loans and securities. In addition, we also may pursue other business activities that will utilize our experience in analyzing investment opportunities and applying similar portfolio management skills.

We are a Virginia corporation and taxed as a C corporation for U.S. federal tax purposes. We operate in the United States.

Our Class A common stock is listed on the NYSE under the symbol "AI". Our unsecured 6.625% Senior Notes due 2023, or our 6.625% Notes, are listed on the NYSE under the symbol "AIW".

Our principal executive offices are located at Potomac Tower, 1001 Nineteenth Street North, Arlington, Virginia 22209, and our telephone number is (703) 373-0200. Our website is www.arlingtonasset.com. The information on our website is not, and should not be interpreted to be, part of this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Issuer

Arlington Asset Investment Corp.

Notes Offered

\$ aggregate principal amount of % Notes due 2025 (or \$ if the underwriters overallotment option is exercised in full).

Offering Price

% of the principal amount.

Maturity

The Notes will mature on March , 2025, unless redeemed prior to maturity.

Interest Rate and Payment Dates

% interest per annum on the principal amount of the Notes, payable quarterly in arrears on March , June , September and December of each year, commencing on June , 2015, and at maturity.

Guarantors

None.

Ranking

The Notes will be our general unsecured obligations and will rank senior in right of payment to all of our existing and future indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will rank equally in right of payment with all of our existing and future liabilities that are not so subordinated. The Notes will be effectively subordinated to all of our existing and future secured indebtedness (including all indebtedness under repurchase agreements) to the extent of the value of the assets securing such indebtedness. The Notes will be structurally subordinated to all existing and future indebtedness (including trade payables) and preferred equity of our subsidiaries, financing vehicles or similar facilities.

As of December 31, 2014, we had total unsecured indebtedness (excluding payables, derivative liabilities and recourse liability) of \$40 million, which includes \$25 million of our 6.625% Notes, and \$15 million in principal amount of subordinated unsecured long-term debentures that matures between 2033 and 2035. Our outstanding secured indebtedness consists in material part of our repurchase agreements. As of December 31, 2014, we had approximately \$3.2 billion of repurchase agreements outstanding with weighted average remaining maturities of 14.1 days, with agency-backed MBS and private label MBS with an estimated fair value of approximately \$3.4 billion pledged as collateral. The repurchase agreements therefore will be effectively senior to the Notes to the extent of the value of the pledged collateral. After giving effect to any additional borrowing based upon the issuance of the Notes but without giving effect to the use of proceeds therefrom to acquire additional MBS and other assets, our total indebtedness would have been approximately \$ billion as of December 31, 2014. See Capitalization.

The indenture governing the Notes does not limit the amount of indebtedness that we or our subsidiaries may incur or whether any such indebtedness can be secured by our assets.

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Optional Redemption

We may redeem the Notes, in whole or in part, on or after March , 2018, at our option, at any time and from time to time, prior to maturity at a price equal to 100% of their principal amount, plus accrued and unpaid interest to the date of redemption. See Description of Notes Optional Redemption for additional details.

Use of Proceeds

We expect to use the net proceeds of this offering to acquire certain of our target assets, which are expected to consist primarily of agency-backed MBS and may also include private-label MBS. We expect to borrow against the assets that we acquire with the net proceeds of this offering through repurchase agreements and to use the proceeds of the borrowings to acquire additional target assets. We may also use the net proceeds for general working capital purposes.

Certain Covenants

The indenture that governs the Notes contains certain covenants, including limitations on our ability to merge or consolidate with other entities or sell or otherwise dispose of all or substantially all of our assets. These covenants do not include any other restrictions on our or our subsidiaries ability to sell assets or any restrictions on our or our subsidiaries ability to incur or guarantee additional indebtedness, pay dividends, repurchase capital stock or make other restricted payments, make investments, create liens on our assets, enter into transactions with affiliates or on our subsidiaries entering into agreements that restrict the payment of dividends or transfers of assets or the making of loans to us. In addition, the indenture does not include any protection against certain events, such as a change of control, a leveraged recapitalization or going private transaction (which may result in a significant increase of our indebtedness levels), restructuring or similar transactions.

No Financial Covenants

The indenture relating to the Notes does not contain financial covenants.

Additional Notes

We may create and issue additional notes ranking equally and ratably with the Notes in all respects, so that such additional notes will constitute and form a single series with the Notes and will have the same terms as to status, redemption or otherwise as the Notes; provided that any such additional notes that are not fungible with the Notes for United States federal income tax purposes may have a separate CUSIP number.

Listing

We intend to apply to list the Notes on the NYSE under the symbol AIC. If the Notes are approved for listing, we expect trading in the Notes to begin within 30 days of March , 2015, the original issue date.

Form and Denomination

The Notes will be issued in book-entry form in denominations of \$25 and integral multiples thereof. The Notes will be represented by a permanent global certificate deposited with the Trustee as custodian for The Depository Trust Company (DTC) and registered in the name of a