American Capital Agency

JMP Conference Presentation

September 26, 2011

Safe Harbor Statement

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This presentation contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). All such forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act. Actual outcomes and results could differ materially from those forecast due to the impact of many factors beyond the control of American Capital Agency Corp. (“AGNC”). All forward-looking statements included in this presentation are made only as of the date of this presentation and are subject to change without notice. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in our periodic reports filed with the Securities and Exchange Commission (“SEC”). Copies are available on the SEC’s website at www.sec.gov. AGNC disclaims any obligation to update our forward-looking statements unless required by law.

The following slides contain summaries of certain financial and statistical information about AGNC. They should be read in conjunction with our periodic reports that are filed from time to time with the SEC, including our quarterly report on Form 10-Q for the quarter ended June 30, 2011. Historical results discussed in this presentation are not indicative of future results.

Introduction

- **A number of headlines have impacted the REIT space during the last few months, including:**
  - ✓ U.S. Debt ceiling debate
  - ✓ S&P US Debt downgrade
  - ✓ Liquidity / counterparty concerns surrounding the European debt crisis
  - ✓ Fears of Government induced mass-refinance programs
  - ✓ SEC Comment Request
  - ✓ FED's "twist" and renewed mortgage purchases

- **Despite these and other headlines which generally represent "tail risks", prepayments will likely be the main factor driving Agency REIT performance over the next year in the absence of a major change in market conditions**
  - ✓ Moreover, prepayment risk for the sector will likely be dominated by "organic" prepayments driven by record low rates, rather than prepayments facilitated by new programs or wholesale changes to existing programs

Market Information

Security	12/31/10	3/31/11	6/30/11	9/22/11	Q3TD 2011 Δ
Treasury Rates					
2 Yr UST	0.59%	0.83%	0.46%	0.20%	-0.26%
5 Yr UST	2.01%	2.28%	1.76%	0.80%	-0.96%
10 Yr UST	3.30%	3.47%	3.16%	1.74%	-1.42%
Swap Rates					
2 Yr Swap	0.80%	1.00%	0.70%	0.52%	-0.18%
5 Yr Swap	2.18%	2.47%	2.03%	1.09%	-0.94%
10 Yr Swap	3.39%	3.57%	3.28%	1.92%	-1.36%
30 Year Fixed Rate Mortgages					
4.0%	99.47	98.14	100.02	105.69	+5.67
4.5%	102.65	101.55	103.52	106.81	+3.29
5.0%	105.13	104.42	106.27	108.09	+1.82
5.5 %	106.98	106.77	108.23	109.09	+0.86
6.0%	108.65	108.67	109.92	110.20	+0.28

Security	12/31/10	3/31/11	6/30/11	9/22/11	Q3TD 2011 Δ
15 Year Fixed Rate Mortgages					
3.5%	100.72	100.08	101.83	105.16	+3.33
4.0%	102.94	102.61	104.20	106.00	+1.80
4.5%	104.80	104.67	106.05	106.84	+0.79
5.0%	106.11	106.27	107.27	107.81	+0.54
New Hybrid ARMs					
5/1 - 3.50%	103.38	103.20	104.16	104.16	0.00
7/1 - 3.75%	103.06	102.73	104.09	104.50	+0.41
10/1- 4.25%	103.84	103.44	104.94	105.75	+0.81
Seasoned Hybrid ARMs					
5/1 - 5.75% 24 MTR	106.50	107.14	107.25	107.31	+0.06
10/1 - 5.75% 80 MTR	107.69	108.05	108.47	108.50	+0.03

Source: Combination of Bloomberg and dealer indications

Note: Price information is provided for information only and is for generic instruments and is not meant to be reflective of securities held by AGNC. Prices can vary depending on the source and in some cases can vary materially.

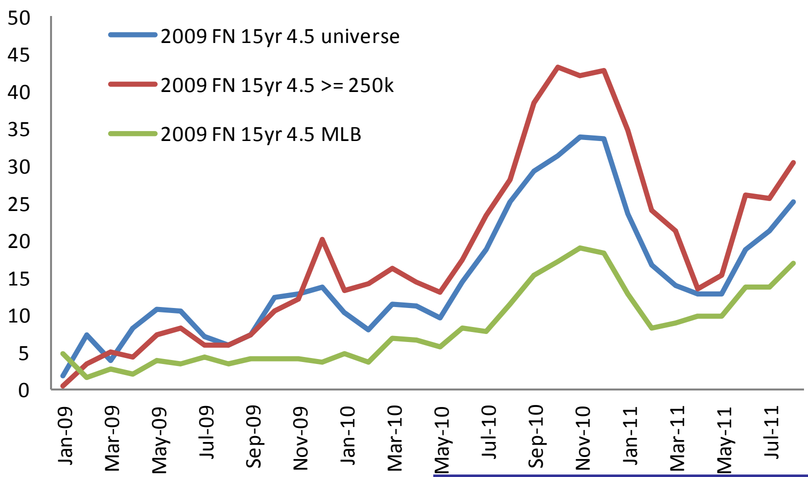
Prepayments Will Likely Pick Up Significantly

- **Concerns around the economy, coupled with the European debt crisis, have driven interest rates to record lows**
  - ✓ The FED has stated that they expect short rates will remain near zero through mid-2013
- **Mortgage rates are also at record lows with the strongest borrowers able to get 30-year mortgages near 4%, 15-year mortgages in the low 3%, and hybrid ARMs below 3%.**
- **Most borrowers who took out mortgages over the past several years (2009-2011) will likely qualify for new loans and therefore have few hurdles to refinancing irrespective of any changes to GSE programs or underwriting**
- **In 2010 when mortgage rates temporarily hit new lows, prepayment speeds on newer, generic, large balance loans were fast and there is little reason to believe that won't be the case this year**
  - ✓ However, smaller loan balances and HARP loans performed considerably better than more generic loans

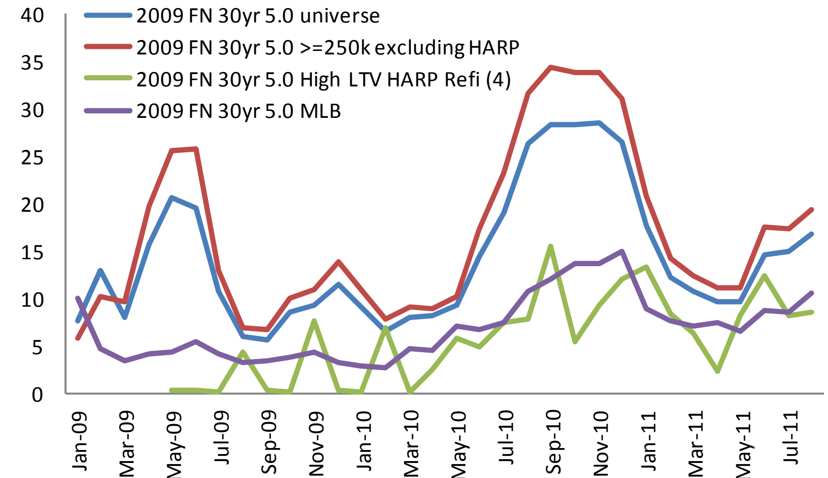
Prepayment Lessons from 2010

CPR's[1] for Generic Securities versus Specified Pools

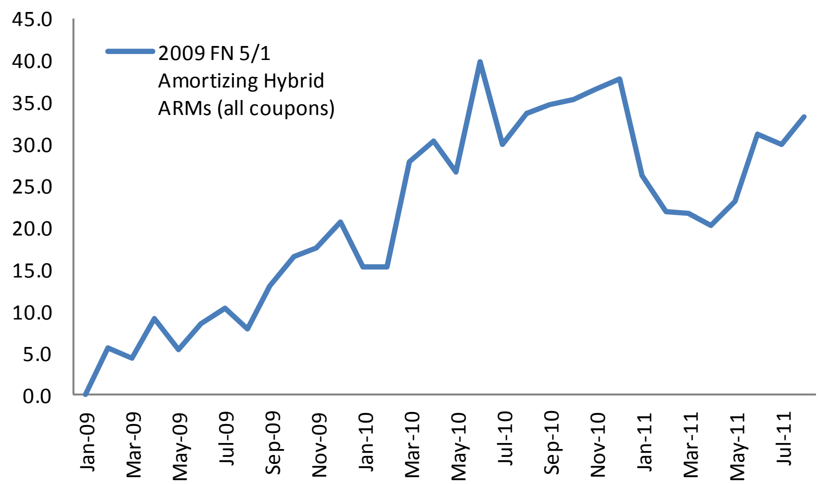
2009 FN 15Yr 4.5% vs. $110K Loan Size



Various 2009 FN 30Yr 5% Loan Types



2009 FN 5/1 Amortizing Hybrid ARMs



(1) The Constant Prepayment Rate, or CPR, reflects the percentage of principal that is prepaid over a period of time on an annualized basis.
(2) Fannie Mae's (FN) mortgages refinanced through the Home Affordable Refinance Program (HARP), defined as 100% refinance with LTVs between 80 and 125%.
(3) Data sourced from JP Morgan; September 21, 2011.
(4) Data sourced from Credit Suisse; September 21, 2011.

What About New Refi Programs?

- **While there is a lot of discussion about new mass refinance programs, we believe recent statements from government officials and the FHFA have indicated any large scale changes are currently "off the table"**
- **The following are some specific quotes from the FHFA release dated September 9, 2011**
  - ✓ FHFA "has been reevaluating an existing program, the Home Affordable Refinance Program (HARP)"
  - ✓ "The program covers only loans owned or guaranteed by the Enterprises and originated before June 2009"
  - ✓ "FHFA is carefully reviewing the mechanics of the HARP program to identify possible enhancements that would reduce barriers for borrowers already otherwise eligible to refinance using HARP"
    - "Loan level price adjustments, representations and warranties, valuation requirements, and portability of mortgage insurance coverage are among the matters being considered." [1]
  - ✓ "Most creditworthy borrowers outside of the HARP program parameters and with positive equity should be able to refinance their mortgage through normal market mechanisms"
  - ✓ "FHFA is also considering the barriers to refinancing mortgages that would otherwise be HARP eligible but for having a current LTV above 125 percent"
  - ✓ "FHFA staff has been analyzing these issues and discussing with a range of stakeholders various 'frictions' in HARP and what may be done to ease those frictions. The final outcome of this review remains uncertain but FHFA believes this undertaking is worthwhile and consistent with our conservator responsibilities"
- **Given the FHFA statement, we believe that a significant HARP expansion is unlikely and that incremental prepayment risk related to the changes being discussed are most likely to impact the higher coupon, higher LTV loans, originated between 2005 and early 2009**

1. Source: September 19 , 2011 Acting Director Edward J. DeMarco's Speech at American Mortgage Conference, Raleigh, NC; All other quotes taken from the FHFA release dated September 9, 2011.

Prepayment Risk

ORGANIC REFI RISK	30- Year	15-Year	ARMs
New Securities (2009-2011)			
Generic	High	High	High
Low Loan Balance	Low/Mod	Low/Mod	N/A
HARP	Low	Low	N/A
Seasoned Securities			
2005 – 2008 High Coupon	Low/Mod	Moderate	Moderate
Pre-2006 Lower Coupon	Moderate	Low/Mod	Low

POLICY RISK	30- Year	15-Year	ARMs
New Securities (2009-2011)			
Generic	Low/Mod	Low/Mod	Low/Mod
Low Loan Balance	Low/Mod	Low/Mod	N/A
HARP	Moderate	Moderate	N/A
Seasoned Securities			
2005 – 2008 High Coupon	High	Moderate	High
Pre-2006 Lower Coupon	Moderate	Low/Mod	Low/Mod

The views and opinions expressed above are those of AGNC Management as of September 20, 2011 and do not necessarily reflect an official policy or position of any outside parties.

AGNC's Portfolio Was Well Positioned

Even at the End of Q2

- **At the end of Q2 2011, $25.7 billion or approximately 2/3 of AGNC's portfolio was backed by either low loan balance or HARP loans**
  - ✓ 85% of AGNC's 15-year mortgage backed securities were either lower loan balance securities or HARP (the vast majority, or over 90%, were lower loan balance)
  - ✓ 65% of AGNC's 30-year mortgages were either HARP or low loan balance (approximately 2/3 HARP and 1/3 low loan balance)
    - HARP loans have been the slowest prepaying sector of the market but there is some risk that the FHFA decides to expand the program past June 2009 or allows HARP borrowers to refinance multiple times
- **AGNC had very little exposure to any of the sectors we believe have the highest prepayment risk**
  - ✓ Less than 10% of the portfolio was backed by generic balance and non-HARP, 2009-2011 15-year or 30-year securities
  - ✓ Only 12% of our portfolio was comprised of hybrid ARMs with approximately 3% comprised of seasoned higher coupon securities that would most likely be impacted by successful HARP enhancements
  - ✓ Less than 5% of our portfolio was backed by seasoned 5.5% or higher fixed-rate securities that would be most exposed to faster speeds that could result from successful modifications to the HARP program
- **AGNC is committed to actively managing its portfolio in response to changing market conditions such as those witnessed to date during the third quarter**

Prepayment Performance Will Drive ROE

- ROE is very sensitive to prepayments given today's prices
- The hypothetical ROEs listed below are intended for illustrative purposes only to show the effect of prepayment speeds on ROEs and are calculated at TBA prices
  - ✓ Specified collateral such as low loan balance securities are now priced at significant premiums to generic mortgages and thus yields at the given speeds listed below will be materially lower

Hypothetical Yield Sensitivity Analysis

	30 Year 4.5% MBS				15 Year 4.0% MBS			
	10 CPR	20 CPR	30 CPR	40 CPR	10 CPR	20 CPR	30 CPR	40 CPR
Asset Yield[1]	3.40%	2.70%	1.89%	0.98%	2.64%	2.06%	1.38%	0.57%
Hypothetical Cost of Funds	(0.80)%	(0.80)%	(0.80)%	(0.80)%	(0.60)%	(0.60)%	(0.60)%	(0.60)%
Net Interest Rate Spread	2.60%	1.90%	1.09%	0.18%	2.04%	1.46%	0.78%	(0.03)%
Return on Equity (8x Lev)	24.2%	17.9%	10.6%	2.4%	18.9%	13.8%	7.6%	0.3%

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1. Source: Bloomberg, September 21, 2011; FNCL 4.5 – 106-16, FNCL 4.0 – 105-27

Summary

- Given today's record low interest rates, prepayment speeds are likely to accelerate on many types of mortgages
- The "clear and present danger" relates to organic prepayments on the strong credit mortgages originated since 2009 under the tighter underwriting standards
  - ✓ 2010 experience supports this conclusion
- "Policy risk" is likely concentrated on the higher coupon, seasoned mortgages given recent statements from FHFA
- AGNC's portfolio was very well positioned (as of June 30) versus both "organic" prepayments and "policy risk" even before the escalation of these fears