American Capital Mortgage

Q1 2012 STOCKHOLDER PRESENTATION

MAY 7, 2012

MTGE NASDAQ LISTED

Safe Harbor Statement

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

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 Mortgage Investment Corp. (“MTGE”). 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. MTGE 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 MTGE. They should be read in conjunction with our periodic reports that are filed from time to time with the SEC. Historical results discussed in this presentation are not indicative of future results.

MTGE Overview

The Company

- An externally managed mortgage REIT formed to invest throughout the total mortgage market including both agency and non-agency sectors

Our Investment Objective

- Provide attractive risk-adjusted returns to our investors over the long-term through a combination of dividends and net book value appreciation

Guiding Principles

- Asset selection is the most important driver of returns
- Patience is critical when committing capital in the non-agency space
- Capital allocation between agency and non-agency mortgages must be dynamic and incorporate risk/return projections, macro-economic factors and liquidity considerations
- Repositioning assets and hedges is necessary to respond to changing market conditions
- As a levered investor, protecting our book value against significant declines is critical

FIRST QUARTER HIGHLIGHTS

- **$1.82 per Share of Net Income**
  - ✓ Net income includes all unrealized gains and losses on investment and hedging portfolios, due to fair value option election and no hedge accounting
- **$1.07 per Share of Net Spread Income[1]**
  - ✓ Excludes $0.75 per share of other investment related net gains
- **$1.56 per Share of Estimated Taxable Income[2]**
- **$0.90 per Share Dividend Declared**
- **$0.53 Undistributed Estimated Taxable Income per Share at March 31, 2012**
  - ✓ Increased $0.29 per share from $0.24 per share as of December 31, 2011
- **$21.78 Net Book Value per Share as of March 31, 2012**
  - ✓ Increased $0.91 per share from $20.87 per share as of December 31, 2011
- **35% Annualized Economic Return**
  - ✓ Comprised of $0.90 per share dividend and $0.91 per share increase in net book value

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1. Net spread income is a non-GAAP measure that we define as adjusted net interest income, less total operating expenses. See reconciliation from GAAP net interest income to net spread income on slide 21 and discussion of non-GAAP financial information on slide 30
2. See reconciliation of taxable income on slide 22 and discuss on non-GAAP financial information on slide 30

Additional First Quarter Highlights

- **$4.0 Billion Investment Portfolio as of March 31, 2012**
  - ✓ $3,845 million agency investments
  - ✓ $181 million non-agency investments[1]
- **7.6x Leverage as of March 31, 2012[2]**
  - ✓ 6.8x average leverage for the period
- **5.7% Agency Portfolio Actual CPR for the Quarter[3]**
  - ✓ 4.7% agency portfolio actual CPR for the month of March 2012[4]
  - ✓ 7.3% average projected life CPR for agency securities as of March 31, 2012
- **2.75% Annualized Net Interest Rate Spread for the Quarter[5]**
  - ✓ 2.38% net interest rate spread as of March 31, 2012
- **$258 Million of Net Equity Proceeds Raised During the Quarter**
  - ✓ Over-allotment of $34 million exercised in April 2012

1. See slide 27 for the composition of MTGE's non-agency portfolio
2. Leverage calculated as the total repurchase agreements less net receivable/payable for unsettled purchases and sales of securities divided by total stockholders' equity. The repurchase agreement balances included in the Company's leverage ratio includes repurchase agreement financing recorded as Linked Transactions (see slide 27).
3. Actual weighted average monthly annualized CPR published during January, February and March 2012 for agency securities held as of the previous month-end
4. Actual weighted average annualized CPR published during April 2012 for agency securities held as of March 31, 2012
5. Net interest rate spread includes impact of net periodic interest settlements of interest rate swaps and net spread on Linked Transactions

Market Information

Security	6/30/2011	9/30/2011	12/31/2011	3/31/2012	Q1 2012 ∆
15 Year Fixed Rate Mortgages					
3.00%	99.36	103.02	103.28	103.56	0.28
3.50%	101.83	104.41	104.58	104.92	0.34
4.00%	104.2	105.45	105.5	106.00	0.50
4.50%	106.05	106.47	106.59	107.20	0.61
Treasury Rates					
2 Yr UST	0.46%	0.25%	0.24%	0.33%	0.09%
5 Yr UST	1.76%	0.95%	0.83%	1.04%	0.21%
10 Yr UST	3.16%	1.92%	1.88%	2.21%	0.33%

Security	6/30/2011	9/30/2011	12/31/2011	3/31/2012	Q1 2012 ∆
30 Year Fixed Rate Mortgages					
3.50%	95.69	102.7	102.88	102.72	-0.16
4.00%	100.02	104.78	105.03	104.86	-0.17
4.50%	103.52	106.06	106.42	106.38	-0.04
5.00%	106.27	107.53	108.03	108.03	0.00
5.50%	108.23	108.53	108.89	108.97	0.08
6.00%	109.92	109.7	110.16	110.20	0.04
Swap Rates					
2 Yr Swap	0.70%	0.58%	0.73%	0.58%	-0.15%
5 Yr Swap	2.03%	1.26%	1.22%	1.27%	0.05%
10 Yr Swap	3.28%	2.11%	2.03%	2.29%	0.26%

	6/30/2011	9/30/2011	12/31/2011	3/31/2012
S&P 500	1,321	1,131	1,258	1,408
Investment Grade Index (Spread)	91	144	120	91
High Yield Index (Price)	102	87	93	98
Subprime Index '07 AAA	40	35	34	39
CMBS Index 06/07 AAA	94	87	91	93
RMBS Client Purchases (Market Value $B)	N/A	22	19	37
Case-Shiller 20 City	141	143	140	135
Purchase Index	189	177	177	204

Sources:

1. Agency pricing and Treasury and Swap rates: Combination of Bloomberg and dealer indications
2. S&P 500: Price data from Bloomberg
3. Investment Grade Index: Markit CDX Investment Grade 5yr index. Price data from Bloomberg
4. High Yield Index: Markit CDX High Yield 5yr Index. Price data from Bloomberg
5. Subprime Index: Markit ABX 07-1 AAA index. Price data from Barclays Capital
6. CMBS Index: Markit CMBX Series 3 AAA. Price data from Barclays Capital
7. Market Value of Client Purchases as reported by FINRA for RMBS securities
8. Case-Shiller: Standard and Poors data pulled from Bloomberg. Not seasonally adjusted
9. Purchase index: Mortgage Bankers Association Seasonally Adjusted Purchase Index. Data from Bloomberg

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

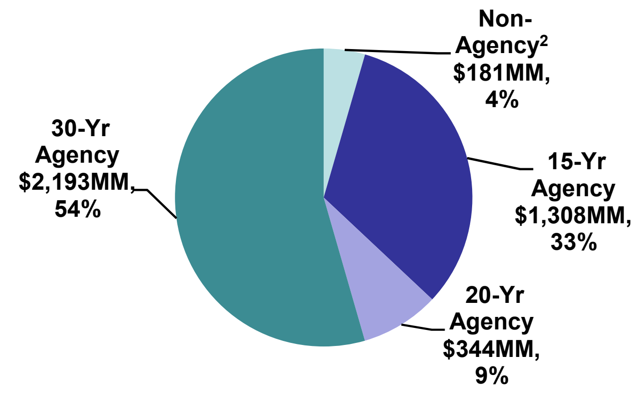
Portfolio as of March 31, 2012

Portfolio grew to $4 billion following March Equity Offering

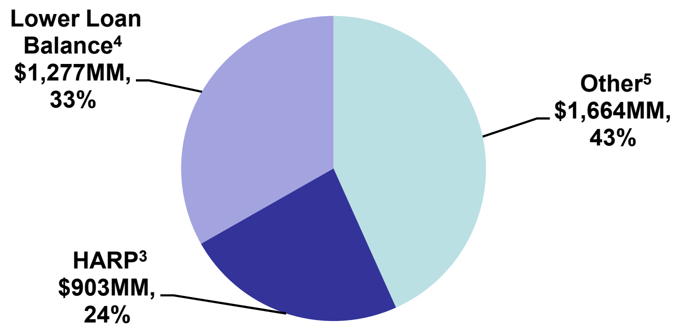
Capital Allocation Summary

($ in Millions)	Agency	Non-Agency
Market Value	$3,845	$181 [2]
Assumed Leverage[1]	8.4x	1.7x
Capital Allocation[1]	86%	14%

$4.0 B Portfolio as of 3/31/12

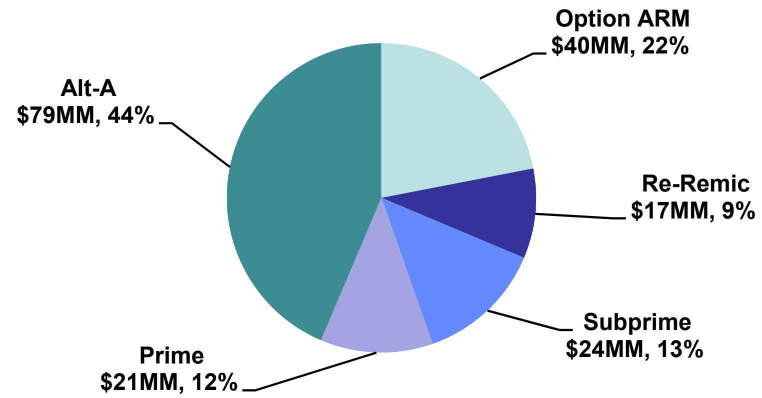


Agency Portfolio: $3,845 MM as of 3/31/12



- Continued emphasis on lower loan balance and HARP securities

Non-Agency Portfolio: $181 MM as of 3/31/12[2]



- Higher allocation to Alt-A and Option ARMs over the quarter

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1. Assumed Leverage and Capital Allocation amounts include the impact of allocating quarter-end cash balances as a reduction in agency funding
2. See slide 27 for the composition of MTGE's non-agency portfolio
3. HARP securities, defined as 100% refinance loans with LTVs ≥ 80% and ≤ 125 %.
4. Lower loan balance securities represent pools with max original loan balances ≤ $150 K
5. Other comprised of more generic 30 yr, 15 yr and 20 yr agency securities

NON-AGENCY PORTFOLIO

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Current Non-Agency Market and Illustrative Returns

Strong start to 2012 with favorable market technicals and stabilizing fundamentals

- **Non-Agency RMBS caught up to broader credit markets after underperforming in Q4 2011**
  - ✓ Substantial institutional investor participation
  - ✓ Key supply from Maiden Lane absorbed by the market
  - ✓ However volumes remain relatively low
- **Housing fundamentals stabilizing, but at a slow pace**
  - ✓ Pace of borrowers going delinquent falling year over year
  - ✓ Improving homebuilder sentiment
  - ✓ We continue to believe any recovery will be measured and uneven

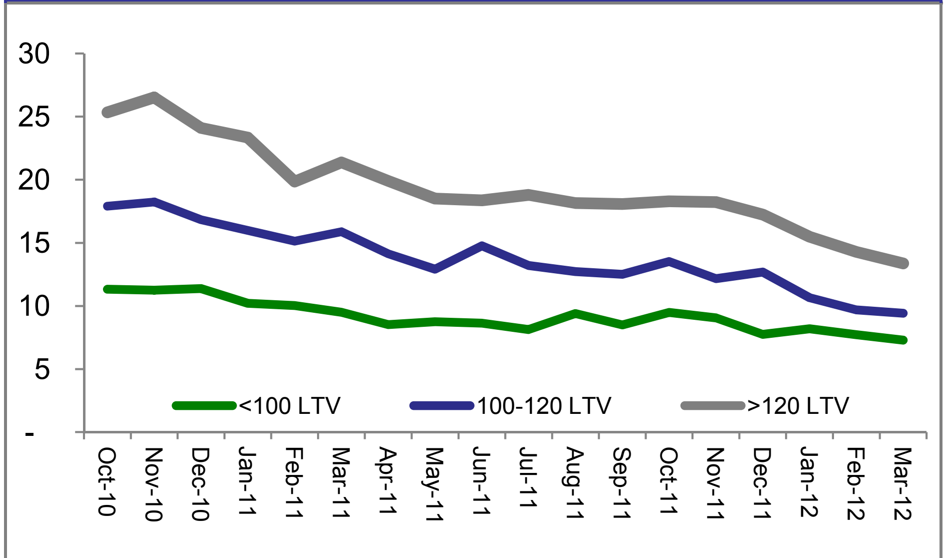
	Re-Remic	Prime / Alt-A	Option ARM	Subprime
Asset Yield	4-5%	5-7%	6-8%	7-8%
Q1 Tightening	50bps	150bps	250bps	250bps
Approx. Leverage	~3.0x	~2.0x	~1.5x	~1.25x
ROE [1]	13-15%	13-16%	13-17%	14-16%

1. Presented estimates of ROE ranges are for illustrative purposes only, and actual results may significantly differ. Assumes cost of funds of 1.60% for each sector

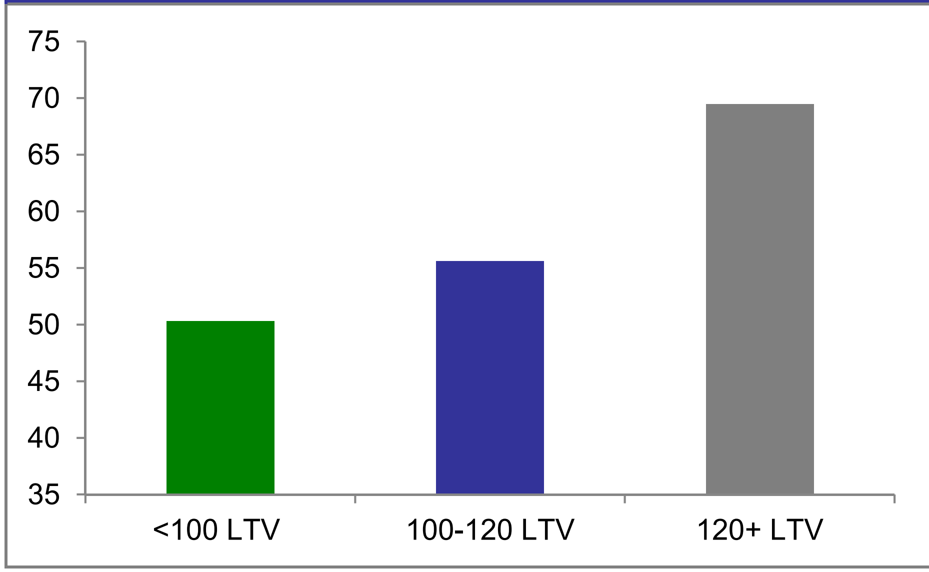
LOAN-TO-VALUE KEY DRIVER IN NON-AGENCY PERFORMANCE

FOCUS ON ASSETS WITH COMPELLING LTV DISTRIBUTIONS

Annualized Always Current to Delinquent Roll Rates by LTV for 2006 Alt-A Cohort[1]



Liquidation Severity by LTV for 2006 Alt-A Cohort[2]



- LTV can be lowered either by decreased loan balance or increased home value but process is slow
  - ✓ Reduce loan balance through amortization (limited exposure to interest-only collateral) and responsible principal reductions
  - ✓ Geographic selection concentrated on areas with prospective home price recovery

1. Always Current Roll Rate defined as the annualized rate of loans transitioning from current to delinquent for loans that have never been delinquent since origination using the OTS Delinquency Method
2. Severity defined as 100% minus the recovery of liquidated loans divided by the loan balance at liquidation

Source: CoreLogic, 1010Data

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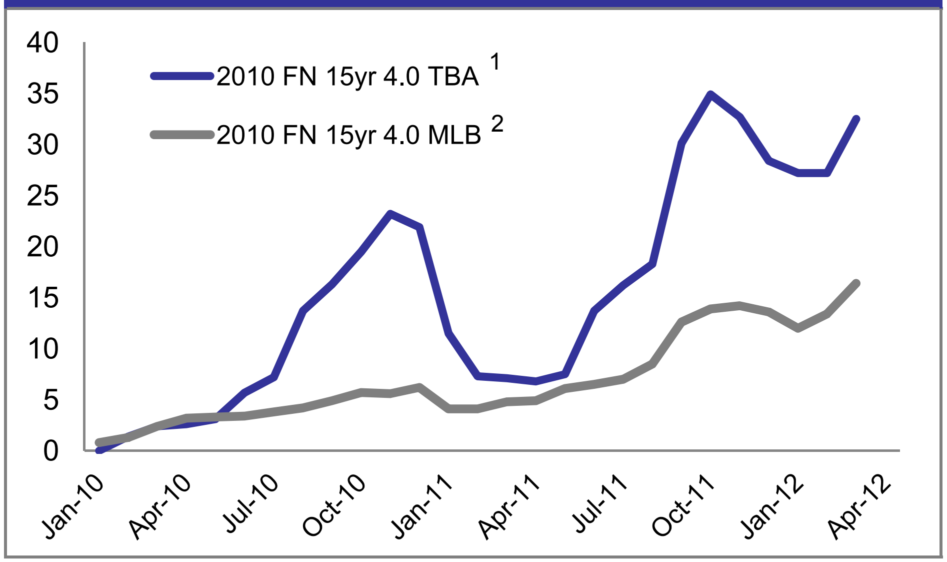
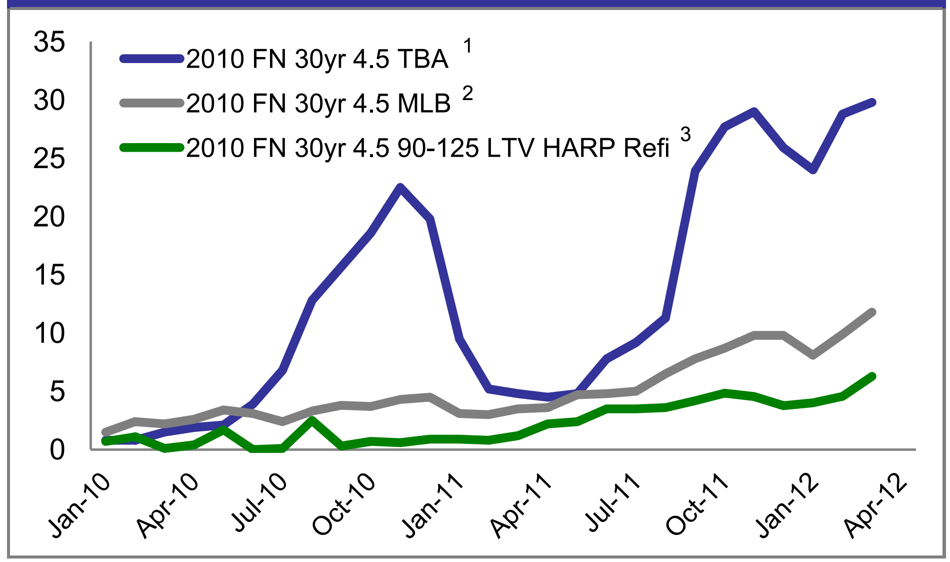
Prepayment Risk Update

- **Expect HARP 2.0 Impact to Increase**
  - ✓ GSEs and originators continue to automate processes and expand capabilities
- **QE3 Still a Possibility**
  - ✓ Likely impact would be lower mortgage rates and significant increase in prepayment speeds on most cohorts
- **Pools Backed by Lower Loan Balance and HARP Loans Likely to Continue to Perform Favorably**

Prepayment Speeds on 2010 FNMA 15yr 4.0% Coupons



Prepayment Speeds on 2010 FNMA 30yr 4.5% Coupons



1. TBA excludes specified pools
2. MLB includes loans with original loan balances ≥ $85k and ≤ $110k.
3. HARP securities defined as 100% refinance with LTVs ≥ 90% and ≤ 125%

Slide 13 gives further information on holdings of lower loan balance and HARP securities
Source: JPM

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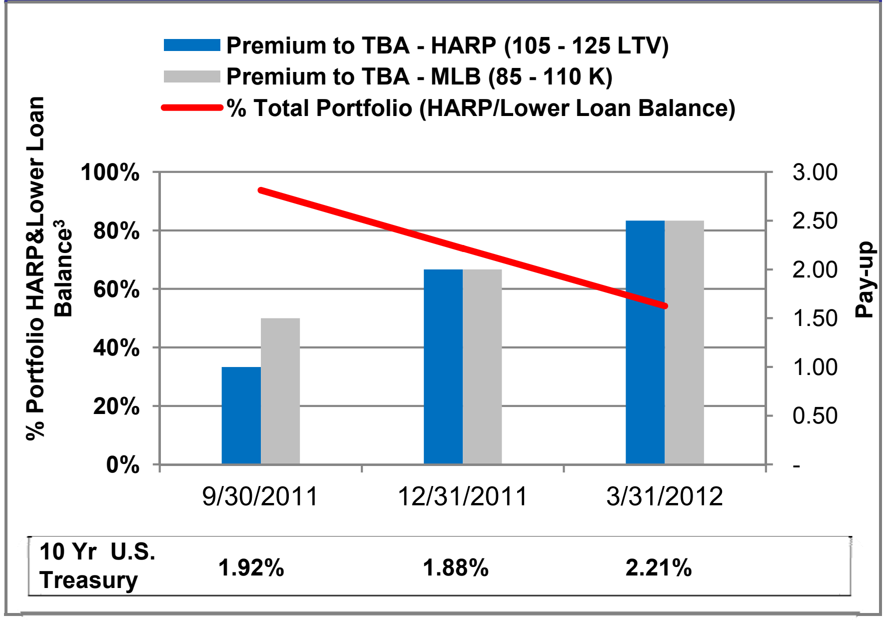
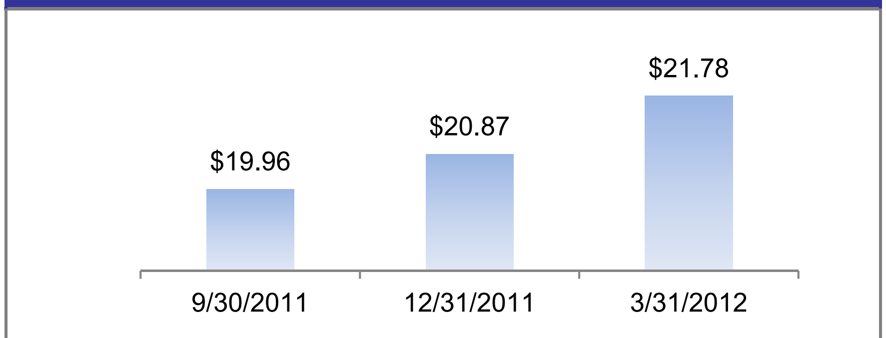
ASSET SELECTION IS CRITICAL TO BOOK VALUE

- **Pools backed by HARP and lower loan balance loans significantly outperformed more generic TBA MBS**
- **MTGE portfolio emphasized MBS backed by loans with favorable prepayment characteristics**
  - ✓ Book value benefited materially from this positioning despite interest rates trending higher
  - ✓ We have been reducing our holdings of higher coupon MBS in an attempt to reduce our exposure to "pay-up" risk while locking in some of this tremendous outperformance
- **Despite reducing exposure to lower loan balance and HARP securities, we believe that the portfolio remains well positioned with respect to prepayment risk**

Pay-ups[1] and % of Portfolio Invested in HARP & Lower Loan Balance MBS[2]



Net Book Value Per Share



1. Pay-ups represent the price premium for specified pools over generic TBA prices. Chart above includes pay-ups for FNMA 30 yr 4.5% HARP (105% - 125% LTV) and MLB (≥$85k - ≤ $110K) pools and may not represent actual pay-ups within our portfolio. Refer to slide 13 for detail on the portfolio composition.
2. HARP securities defined as pools backed by 100% refinance loans with original LTVs ≥ 80% and ≤ 125%. Lower loan balance securities defined as pools backed by max original loan balances of up to $150K
3. Percentage of total portfolio based on market values for each period

WELL POSITIONED FOR CURRENT PREPAYMENT LANDSCAPE

WE BELIEVE OUR PORTFOLIO REMAINS WELL POSITIONED AGAINST PREPAYMENTS

15-Year Agency - as of 3/31/2012

($ In Millions)	Market Value	%	Coupon	WALA	1 month Actual CPR[4]	Proj Life CPR[5]
Lower Loan Balance[1]	$722	55%	3.54%	9	6%	9%
HARP[2]	$123	9%	3.08%	4	0%	7%
Other[3]	$464	36%	2.81%	3	3%	8%
Total 15-Year	**$1,308**	**100%**	**3.24%**	**6**	**4%**	**9%**

30-Year Agency - as of 3/31/2012

($ In Millions)	Market Value	%	Coupon	WALA	1 month Actual CPR[4]	Proj Life CPR[5]
Lower Loan Balance[1]	$509	23%	3.90%	7	5%	7%
HARP[2]	$733	34%	4.00%	6	3%	7%
Other[3]	$951	43%	3.58%	5	6%	6%
Total 30-Year	**$2,193**	**100%**	**3.79%**	**6**	**5%**	**6%**

Note: Tables above do not include $344 million 20-year agency securities.

1. Lower loan balance securities represent pools with maximum original loan balances ≤ $150 K. Weighted average original loan balance of $104K, and $110 K for 15-YR and 30-YR securities, respectively, as of March 31, 2012
2. HARP securities, defined as 100% refinance loans with original LTVs ≥ 80% and ≤ 125%. Weighted average LTV of 95% and 93% for 15 YR and 30 YR securities, respectively, as of March 31, 2012. Weighted average premium to TBA as of March 31, 2012 of 30/32nds
3. Other includes collateral backed by loans that are not HARP and with maximum loan sizes >$150k
4. Actual weighted average annualized 1 month CPR published during April 2012 for agency securities held as of March 31, 2012
5. Average projected life CPR for agency securities held as of March 31, 2012

FINANCING SUMMARY

AS OF MARCH 31, 2012

- **Master Repurchase Agreements with 24 Financial Institutions**
- **0.41% Weighted Average Repo Cost of Funds**
  - ✓ Weighted average repo cost for agency collateral of 0.37%, unchanged from December 31, 2011
  - ✓ Weighted average repo cost for non-agency collateral of 2.00%, down 12bps from December 31, 2011

MTGE Repurchase Agreement Borrowings
($ in millions – as of March 31, 2012)

Original Repo Maturities	Repo Outstanding[1]	% of Total Outstanding	Interest Rate	Weighted Average Remaining Days to Maturity	Weighted Average Original Days to Maturity
30 Days or less	$820	23%	0.45%	18	28
31 - 60 Days	$723	20%	0.42%	23	42
61 - 90 Days	$709	20%	0.39%	42	74
91 - 180 Days	$1,057	29%	0.36%	57	91
181 - 365 Days	$293	8%	0.45%	137	217
Total / Wtd Avg	**$3,603**	**100%**	**0.41%**	**45**	**74**

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1. Repurchase agreement outstanding balance includes funding related to Non-Agency securities accounted for as Linked Transactions

HEDGING SUMMARY

- **Interest Rate Swaps**
  - ✓ $2,190 MM notional swap book as of 3/31/12[1]
    - 5 years average remaining maturity
    - 61% of repo balance hedged by interest rate swaps
- **Other Hedge Positions**
  - ✓ $362 MM net short TBA position
  - ✓ Swaptions totaling $400 MM notional
    - Weighted average pay rate of 2.65%
    - Weighted average underlying swap terms of 8.6 years
    - Weighted average remaining option term of 0.7 years

Interest Rate Swaps[1]

($ in millions – as of March 31, 2012)

Maturity	Notional Amount	Pay Rate	Receive Rate	WA Years Remaining to Maturity
2014	$100	0.64%	0.49%	2.4
2015	$450	0.85%	0.49%	3.2
2016	$250	1.23%	0.50%	4.3
2017	$990	1.39%	0.47%	5.1
2018	$25	1.73%	0.55%	6.6
2019	$350	1.81%	0.47%	7.0
2021	$25	2.30%	0.47%	9.6
Total / Wtd Avg	$2,190	1.31%	0.48%	4.9

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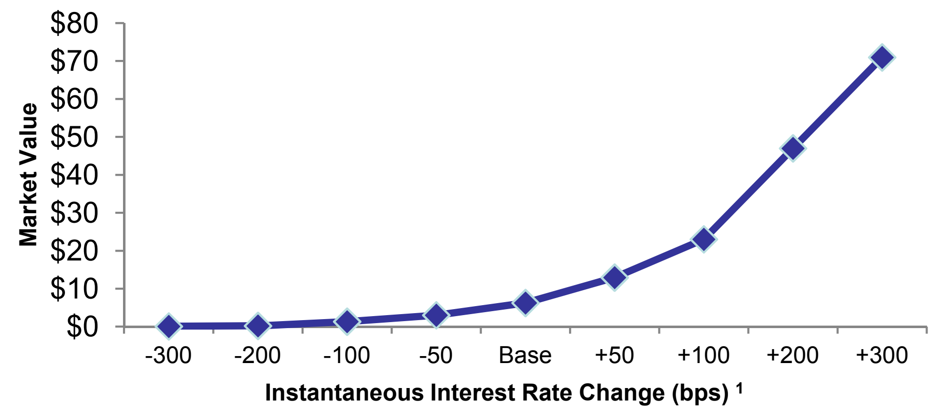
1. March 31, 2012 balance includes $675 MM forward starting swaps commencing April 2012 and $615 MM forward starting swap commencing May 2012

REVIEW OF WHY WE USE SWAPTIONS

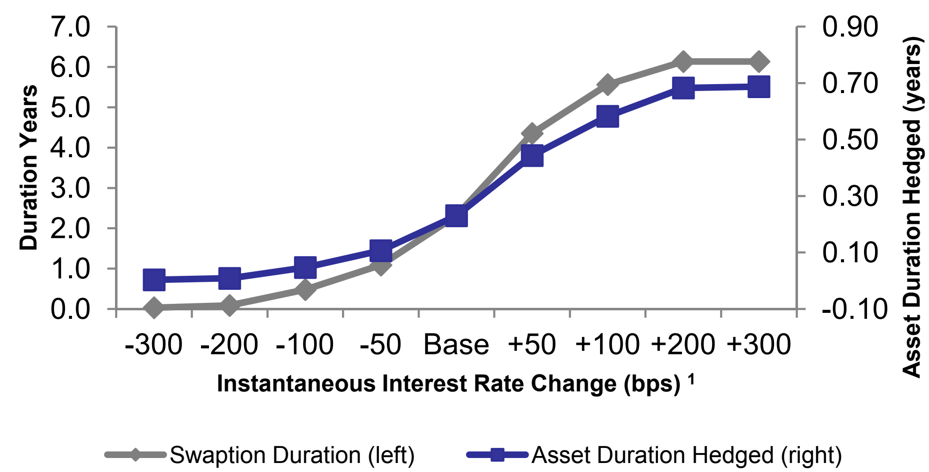
- **Swaption Market Value Profile**
  - ✓ Swaption portfolio provides significant book value protection if interest rates were to increase significantly
  - ✓ As of March 31, the market value of swaption portfolio was $4.2 million

Swaption Market Value Profile *($ in millions)*



- **Swaption Duration Profile**
  - ✓ In a rising rate scenario, swaption portfolio provides a significant offset to the duration extension we will experience in our asset portfolio
  - ✓ At its peak, the duration of the swaption portfolio will increase to about 6 years, or about 0.7 years of asset duration

Swaption Portfolio Duration Profile



The graphs above depict projected results for the swaption portfolio only and do not include anticipated projected losses or extension on our assets or gains/losses on other hedges. These estimates are derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. In addition, different models could generate materially different estimates using similar inputs and assumptions.

1. Assumes immediate interest rate shock and results would be materially different if shocks occur over time or at some time in the future. Assumes rates are floored at 0% in down rate scenario

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Duration Gap Information

Duration Gap was approximately 0.15 years as of March 31, 2012[1]

- Duration is an estimate of an instrument's expected price change for a parallel change in interest rates
- Duration gap is a measure of the difference in the interest rate exposure or estimated price sensitivity of our assets and our liabilities and hedges (but does not take into account the impact of leverage on our equity or NAV)
- Duration gap is expressed in years relative to the market value of our assets
- Duration gap does not consider the negative convexity of our mortgage assets
- Slide 25 presents the modeled impact of our duration gap including the impact of negative convexity and leverage

Duration Gap
($ in millions, duration in years)

Asset	Market Value	Duration
Agency[2]	$3,845	3.92
Non Agency[3]	$181	0.00
Cash	$100	0.01
Total	**$4,126**	**3.66**

Liabilities & Hedges	Market Value / Notional	Duration
Liabilities[3]	($3,603)	0.13
Swaps	($2,190)	4.62
Swaptions	($400)	2.31
TBA	($375)	5.33
Treasury / Futures	($122)	7.76
Total		**-3.50**

Net Duration Gap as of March 31, 2012	**0.15**

Our duration and duration gap estimates are derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and accordingly actual results could differ materially from these estimates. In addition, different models could generate materially different estimates using similar inputs and assumptions. Management uses judgment to address the limitations and weaknesses inherent in model calculations as it seeks to balance the protection of book value with the generation of attractive returns. For example, we typically map lower loan balance and HARP securities to proxy securities in order to derive durations and convexities that management believes are more consistent with how the prices of these securities would perform over larger interest rate movements. Other market participants could make materially different assumptions with respect to these and other judgments. Please also refer to slide 29 and our related disclosures in our 10-K's and 10-Q's for a more complete discussion of duration (interest rate risk).

1. During Q1 '12, we implemented an updated prepayment model provided by Blackrock Solutions.
2. Fixed rate securities for the purpose of duration include securities purchased and sold on a forward basis accounted for as derivatives
3. Includes non-agency securities and repurchase financing recorded net as Linked Transactions on the balance sheet

BUSINESS ECONOMICS

(unaudited)	As of 3/31/2012			Q1 2012		
	Agency	Non-Agency	Total	Agency	Non-Agency	Total
Asset Yield[1,2]	2.92%	7.34%	3.12%	3.11%	8.05%	3.36%
Cost of Funds[1,3]	(0.70)%	(1.57)%	(0.74)%	(0.56)%	(2.08)%	(0.61)%
Net Interest Rate Spread	**2.22%**	**5.77%**	**2.38%**	**2.55%**	**5.97%**	**2.75%**
Leverage[4]	**8.4x**	**1.7x**	**7.6x**	**7.6x**	**1.2x**	**6.8x**
Leveraged Net Interest Rate Spread	18.6%	9.8%	18.1%	19.4%	7.2%	18.7%
Plus: Asset Yield	2.9%	7.3%	3.1%	3.1%	8.1%	3.4%
Gross ROE Before Expenses	21.5%	17.1%	**21.2%**	22.5%	15.3%	**22.0%**
Other Investment Income, Net						**12.7%**
Other Miscellaneous[5]						**(1.1)%**
Management Fees as a % of Equity			(1.5)%			(1.5)%
Other Operating Expenses as a % of Equity			(1.0)%			(1.5)%
Total Operating Exp. as a % of Equity			**(2.5)%**			**(3.0)%**
Net Return on Equity			**18.7%**			**30.6%**

1. Asset Yield and Cost of Funds reflect the gross impact of Linked Transactions
2. The market yield on agency and non-agency investments as of March 31, 2012 was 2.90% and 6.99%, respectively.
3. Cost of funds includes the impact of periodic interest settlements of interest rate swaps but excludes any costs associate with swaptions, TBAs or short treasury positions.
4. Leverage as of March 31, 2012 is calculated as total repurchase agreements, adjusted for net receivables/payables for unsettled purchases and sales of securities divided by total stockholders' equity. March 31, 2012 repurchase agreements include financing recorded as Linked Transactions. Average leverage for the quarter is calculated as the daily weighted average repurchase agreement balance outstanding, including Linked Transactions divided by average month-ended shareholders' equity
5. Other miscellaneous reflects the impact of differences between the use of daily averages used for investment securities and repurchase agreements and the month-end average used for shareholders' equity, of cash and cash equivalents, restricted cash, other non investment assets and liabilities, and of other immaterial rounding differences

SUPPLEMENTAL SLIDES

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INCOME STATEMENTS

($ In millions, except per share data) (Unaudited)	Q1 2012	Q4 2011
Interest income		
Agency securities	$15.3	$11.8
Non-agency securities and other	1.3	0.5
Interest expense	(1.7)	(1.4)
Net interest income	14.9	10.9
Realized gain on agency securities, net	6.0	1.0
Realized loss on periodic settlements of interest rate swaps, net	(1.0)	(1.2)
Realized gain (loss) on other derivatives and securities, net	0.6	(0.5)
Unrealized gain on agency securities, net	4.0	11.8
Unrealized gain on non-agency securities, net	2.4	0.2
Unrealized gain (loss) and net interest income from linked transactions, net	3.4	(0.2)
Unrealized loss from other derivatives and securities, net	(6.8)	(3.2)
Total other gains, net	8.5	8.1
Management fee	(1.1)	(0.8)
General and administrative expenses	(1.0)	(1.0)
Total operating expenses	(2.1)	(1.8)
Net income	$21.3	$17.2
Weighted average number of shares outstanding – basic and diluted	11.7	10.0
Net income per share – basic and diluted	$1.82	$1.72
Taxable income per share	$1.56	$1.07
Dividends declared per share	$0.90	$0.80

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Note: Amounts may not foot or cross foot due to rounding

RECONCILIATION OF NET INTEREST INCOME TO NET SPREAD INCOME [1]

(In millions, except per share data) (Unaudited)	Q1 2012	Q4 2011
Interest income		
Agency securities	$ 15.3	$ 11.8
Non-agency securities	1.3	0.5
Interest expense	(1.7)	(1.4)
Net interest income	**14.9**	**10.9**
Interest income on non-agency securities underlying Linked Transactions	0.9	0.8
Interest expense on repurchase agreements underlying Linked Transactions	(0.2)	(0.2)
Periodic settlements of interest rate swaps	(1.0)	(1.2)
Adjusted net interest income	**14.6**	**10.4**
Total operating expenses	2.1	1.8
Net spread income	**$ 12.5**	**$ 8.6**
Weighted average number of shares outstanding – basic and diluted	**11.7**	**10.0**
Net spread income per share – basic and diluted	**$ 1.07**	**$ 0.86**

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Note: Amounts may not foot or cross foot due to rounding

1. For a discussion of use of non-GAAP financial information, slide 30

Reconciliation of GAAP Net Income to Estimated Taxable Income [1]

(In millions, except per share data) (unaudited)	Q1 2012	Q4 2011
Net Income	$21.3	$17.2
Book to Tax Differences:		
Unrealized Gain, Net	(2.3)	(8.1)
Realized Gain	(0.5)	0.5
Premium Amortization, Net and Other	(0.2)	1.1
Total Book to Tax Differences	(3.0)	(6.5)
Estimated Taxable Income	18.3	10.7
Weighted Average Shares Outstanding – Basic and Diluted	11.7	10.0
Estimated Taxable Income per Share – Basic and Diluted	$1.56	$1.07
Ending Cumulative Undistributed Estimated Taxable Income per Share[2]	$0.53	$0.24

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Note: Amounts may not foot due to rounding.

1. For a discussion of use of non-GAAP financial information, slide 30
2. Based on shares outstanding as of period end

BALANCE SHEETS

($ in millions, except per share data)	3/31/2012 [1]	12/31/2011
Agency Securities, at Fair Value (including pledged assets of $3,652.9 and $1,535.4)	$3,844.7	$1,740.1
Non-Agency Securities, at Fair Value (including pledged assets of $79.2 and $8.6)	128.9	25.6
Linked Transactions, at Fair Value, net	16.3	13.7
Cash and Cash Equivalents ($21.2 and $3.2 restricted)	100.3	60.5
Derivative Assets, at Fair Value	6.2	1.8
Receivable for Securities Sold	73.3	271.8
Interest receivable	11.1	5.6
Receivable under Reverse Repurchase Agreements	123.0	50.6
Other Assets	0.5	0.6
Total Assets	$4,304.3	$2,170.3
Repurchase Agreements	$3,567.4	$1,706.3
Payable for Securities Purchased	111.4	189.0
Derivative Liabilities, at Fair Value	12.3	5.7
Dividend Payable	9.0	8.0
Obligation to Return Securities Borrowed under Reverse Repurchase Agreements, at Fair Value	121.9	50.2
Other Liabilities	2.9	2.4
Total Liabilities	3,824.8	1,961.5
Stockholders' Equity	479.4	208.8
Total Liabilities and Stockholders' Equity	$4,304.3	$2,170.3
Leverage[2]	7.6x	8.0x
Book Value Per Share	$21.78	$20.87

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Note: Amounts may not foot or cross foot due to rounding
1. Unaudited except for 12/31/2011
2. Leverage includes impact of Linked Transactions and net receivable / payable for unsettled purchases and sales of securities

NET BOOK VALUE ROLLFORWARD

	Balance (millions)	Shares Outstanding (thousands)	Net Book Value per Share
December 31, 2011	**$208.8**	**10,006**	**$20.87**
Q1 Net Spread Income[1]	12.5		
Other Investment Related Gains, net	8.8		
Dividends Declared[2]	(9.0)		
Issuance of Common Stock, Net of Offering Costs	258.3	12,006	21.55
March 31, 2012	**$479.4**	**22,012**	**$21.78**

1. Includes net periodic interest settlements of interest rate swaps and net interest income from Linked Transactions (see reconciliation from GAAP net interest income to Net Spread Income on slide 21)
2. Dividend paid on April 27, 2012

NAV Interest Rate Sensitivity

Given the negative convexity of our mortgage assets, an instantaneous parallel shock to interest rates may adversely impact the market value of our equity

- **The duration of a mortgage changes with interest rates and tends to increase when rates rise and decrease when rates fall**
- **This negative convexity generally increases the interest rate exposure of a mortgage portfolio over what would be indicated by the duration gap alone**
- **The estimated impact on the market value of the asset portfolio, net of hedges, is based on model predictions and assumes that no portfolio rebalancing actions are taken**
- **The estimated change to equity (NAV) includes the impact of leverage and incorporates the dual effects of both duration and convexity**

Interest Rate Sensitivity[1]

Interest Rate Shock (bps)	Estimated Change in Portfolio Market Value[2]	Estimated Change Equity NAV[3]
-100	-0.7%	-6.4%
-50	-0.04%	-0.4%
+50	-0.3%	-3.0%
+100	-1.0%	-8.3%

The estimated change in our NAV due to interest rate changes is derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and accordingly actual results could differ materially from these estimates. In addition, different models could generate materially different estimates using similar inputs and assumptions. Management uses judgment to address the limitations and weaknesses inherent in model calculations as it seeks to balance the protection of book value with the generation of attractive returns. Please also refer to slides 17 and 29, and our related disclosures in our 10-K's and 10-Q's for a more complete discussion of duration (interest rate risk).

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1. During Q1 '12, we implemented an updated prepayment model provided by Blackrock Solutions.
2. Estimated dollar change in value expressed as a percent of the total market value of assets
3. Estimated dollar change in value expressed as a percent of the net portfolio equity or NAV

REPO COUNTERPARTY CREDIT RISK

OUR FUNDING IS WELL DIVERSIFIED, BOTH GEOGRAPHICALLY AND BY COUNTERPARTY

- **Well diversified repo counterparties**
- **Less than 8% of our equity is at risk with any one counterparty**
- **Less than 22% of our equity is at risk with the top 5 counterparties**

Counterparty Region	Number of Counterparties	Percent of Repo Funding
North America	13	57%
Asia	5	23%
Europe	6	20%

Counterparty Region	Counterparty Rank	Counterparty Exposure as Percent of NAV
North America	1	7.30%
	2	4.01%
	3	3.14%
	4	2.56%
	5	2.21%
	6-13	9.10%
Asia	1	3.91%
	2	1.74%
	3	1.73%
	4	0.78%
	5	0.64%
Europe	1	3.10%
	2	2.27%
	3	1.98%
	4-6	4.95%

Total Exposure	**49.44%**
Top 5 Exposure	**21.46%**

1. Counterparty exposure with regard to collateral pledged under repo agreements. Amounts do not include exposure with regard to collateral pledged under derivative agreements and prime brokerage agreements

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NON-AGENCY PORTFOLIO COMPOSITION

(in millions) (Unaudited)	As of March 31, 2012 Non-Agency Securities	Linked Transactions	Total	December 31, 2011 Total
Prime / Alt-A	$ 78.7	$ 21.4	$ 100.1	$ 38.5
Option ARM	25.5	14.2	39.7	6.7
Subprime	16.2	7.9	24.1	13.2
Re-Remic	8.5	8.4	16.9	17.4
Total	**128.9**	**51.8**	**180.8**	**75.8**
Repurchase agreements	**(47.1)**	**(35.6)**	**(82.7)**	**(44.9)**
Net non-agency investment	**$ 81.8**	**$ 16.3**	**$ 98.1**	**$ 30.8**

- If the Company purchases investment securities and finances the purchase through a repurchase agreement with the same counterparty, entered into simultaneously or in contemplation of each other, the purchase commitment and repurchase agreement are recorded net on the financial statements as a derivative ("Linked Transaction")

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Note: Amounts may not foot or cross foot due to rounding

AGENCY SECURITIES

MTGE Agency Portfolio
($ in millions - as of March 31, 2012)

15 Year Mortgages

Coupon	Par Value	Market Value	% Total	Amortized Cost Basis	Average WAC[1]	Average Age (Months)	Actual 1 Month CPR[2]
2.50%	$232.0	$235.6	18%	101.82%	3.17%	2	0.57%
3.00%	$452.4	$469.4	36%	103.66%	3.50%	3	3.00%
3.50%	$333.3	$353.2	27%	104.43%	3.92%	9	5.76%
4.00%	$208.3	$224.5	17%	105.88%	4.38%	13	7.25%
4.50%	$23.2	$25.3	2%	107.39%	4.86%	11	4.94%
Total	**$1,249.2**	**$1,307.9**	**100%**	**103.96%**	**3.72%**	**6**	**4.08%**

20 Year Mortgages

Coupon	Par Value	Market Value	% Total	Amortized Cost Basis	Average WAC[1]	Average Age (Months)	Actual 1 Month CPR[2]
3.50%	$223.3	$232.7	68%	103.50%	3.99%	3	2.46%
4.00%	$55.0	$58.4	17%	104.62%	4.47%	10	21.88%
5.00%	$49.0	$53.1	15%	108.53%	5.38%	12	3.84%
Total	**$327.3**	**$344.3**	**100%**	**104.44%**	**4.28%**	**6**	**6.22%**

30 Year Mortgages

Coupon	Par Value	Market Value	% Total	Amortized Cost Basis	Average WAC[1]	Average Age (Months)	Actual 1 Month CPR[2]
3.50%	$1,165.1	$1,198.3	55%	102.66%	3.99%	3	2.54%
4.00%	$715.0	$756.4	34%	105.68%	4.45%	8	7.78%
4.50%	$140.8	$152.9	7%	107.00%	4.91%	17	6.64%
5.00%	$77.3	$85.0	4%	108.67%	5.33%	10	3.21%
Total	**$2,098.2**	**$2,192.6**	**100%**	**104.20%**	**4.26%**	**6**	**4.69%**

1. Average WAC represents the weighted average coupon of the underlying collateral. The average WAC of fixed rate securities on a trade date basis as of March 31, 2012 was 4.08% and the weighted average coupon on the fixed rate securities was 3.6%
2. Actual 1 month annualized CPR published during April 2012 for agency securities on a trade date basis as of March 31, 2012

Duration Gap

- **The duration of an asset or liability measures how much its price is expected to change if interest rates move in a parallel manner**
  - ✓ For example, an instrument with a 1 yr duration is expected to change 1% in price for a 100 bp move in rates
- **Duration gap is a measure of the difference in the interest rate exposure, or estimated price sensitivity, of our assets and our liabilities (including hedges)**
  - ✓ It is calculated using relatively complex models and different models can produce substantially different results. Furthermore, actual performance of both assets and hedges may differ materially from the model estimates
  - ✓ Duration and convexity calculations generally assume all rates move together (2 yr rates, 10 yr rates, swap rates, treasury rates etc.) and this is typically not the case. As such, these calculations do not measure the “basis risk” or yield curve exposure, embedded in these positions
  - ✓ Higher leverage increases the exposure of our book value (or equity) to a given duration gap
- **The duration of mortgage assets also changes as interest rates move. The duration generally extends when interest rates rise and contracts when interest rates fall. This is called “negative convexity” and is generally driven by changes in prepayment expectations, which have historically been correlated with interest rates. Interest rate caps embedded in ARM securities also increase negative convexity**
  - ✓ Negative convexity generally increases the interest rate exposure of a mortgage portfolio significantly over what would be indicated by the duration gap alone
- **MTGE uses a risk management system and models provided by Blackrock Solutions to generate these calculations and as a tool for helping us to measure other exposures, including exposure to larger interest rate moves and yield curve changes**
  - ✓ Base models, settings and market inputs are provided by Blackrock
  - ✓ Blackrock periodically adjusts these models as new information becomes available
  - ✓ MTGE management makes adjustments to the Blackrock model for certain securities as needed
  - ✓ Please refer to our most recent Form 10-K and 10-Q filed with the SEC for additional information on risk measures
- **The inputs and results from these models are not audited by our independent auditors**

USE OF NON-GAAP FINANCIAL INFORMATION

In addition to the results presented in accordance with GAAP, this release includes certain non-GAAP financial information, including net spread income, estimated taxable income and certain financial metrics derived from non-GAAP information, such as estimated undistributed taxable income, which the Company's management uses in its internal analysis of results, and believes may be informative to investors.

GAAP interest income does not include interest earned on non-agency securities underlying our Linked Transactions, and GAAP interest expense does not include either interest related to repurchase agreements underlying our Linked Transactions, or periodic settlements associated with undesignated interest rate swaps. Interest income and expense related to Linked Transactions is reported within unrealized loss and net interest income on linked transactions, net and periodic interest settlements associated with undesignated interest rate swaps are reported in realized gain (loss) on periodic settlements of interest rate swaps on our consolidated statement of operations. As we believe that these items are beneficial to the understanding of our investment performance, we provide a non-GAAP measure called adjusted net interest income, which is comprised of net interest income plus the net interest income related to Linked Transactions, less net periodic settlements of interest rates swaps. Additionally, we present net spread income as a measure of our operating performance. Net spread income is comprised of adjusted net interest income, less total operating expenses. Net spread income excludes all unrealized gains or losses due to changes in fair value, realized gains or losses on sales of securities, realized losses associated with derivative instruments and income taxes.

Estimated taxable income is pre-tax income calculated in accordance with the requirements of the Internal Revenue Code rather than GAAP. Estimated taxable income differs from GAAP income because of both temporary and permanent differences in income and expense recognition. Examples include (i) temporary differences for unrealized gains and losses on derivative instruments and investment securities recognized in current income for GAAP but excluded from estimated taxable income until realized or settled, (ii) temporary differences related to the amortization of premiums and discounts paid on investments, and (iii) timing differences in the recognition of certain realized gains and losses. Furthermore, taxable income can include certain estimated information and is subject to potential adjustments up to the time of filing of the appropriate tax returns, which occurs after the end of the calendar year of the Company.

The Company believes that these non-GAAP financial measures provide information useful to investors because net spread income is a financial metric used by management and investors and estimated taxable income is directly related to the amount of dividends the Company is required to distribute in order to maintain its REIT tax qualification status. The Company also believes that providing investors with net spread income, estimated taxable income and certain financial metrics derived from such non-GAAP financial information, in addition to the related GAAP measures, gives investors greater transparency to the information used by management in its financial and operational decision-making. However, because net spread income and estimated taxable income are incomplete measures of the Company's financial performance and involve differences from net income computed in accordance with GAAP, they should be considered as supplementary to, and not as a substitute for, the Company's net income computed in accordance with GAAP as a measure of the Company's financial performance. In addition, because not all companies use identical calculations, our presentation of net spread income and estimated taxable income may not be comparable to other similarly-titled measures of other companies. A reconciliation of GAAP net interest income to non-GAAP net spread income is set forth on slide 21. A reconciliation of GAAP net income to non-GAAP estimated taxable income is set forth on slide 22.