American Capital Agency

2014 Credit Suisse Financial Services Forum

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AGNC NASDAQ LISTED

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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 such forecasts 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 important 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 such 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. Historical results discussed in this presentation are not indicative of future results.

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Capital Stock Highlights

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Type / Stock Ticker:
Common Stock / AGNC

Exchange:
NASDAQ

IPO Date:
May 2008

IPO Price:
$20.00 Per Share

Total Dividends Paid Since IPO[1]:
$27.61 Per Share

Net Asset Value[2]:
$23.93 Per Share

Total Equity Capital[2]:
$8.5 Billion

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Type / Name:
8.000% Series A Cumulative Redeemable Preferred Stock

Preferred Stock Ticker:
AGNCP

Exchange:
NASDAQ

Issue Date / Call Date / Maturity Date:
April 2012 / April 2017 / Perpetual

Public Offering Price:
$25.00 Per Share

Per Annum Dividend Rate:
8.000% Payable Quarterly

Total Dividends Paid Since Offering[1]:
$3.556 Per Share

Shares Outstanding[2]:
6.9 Million

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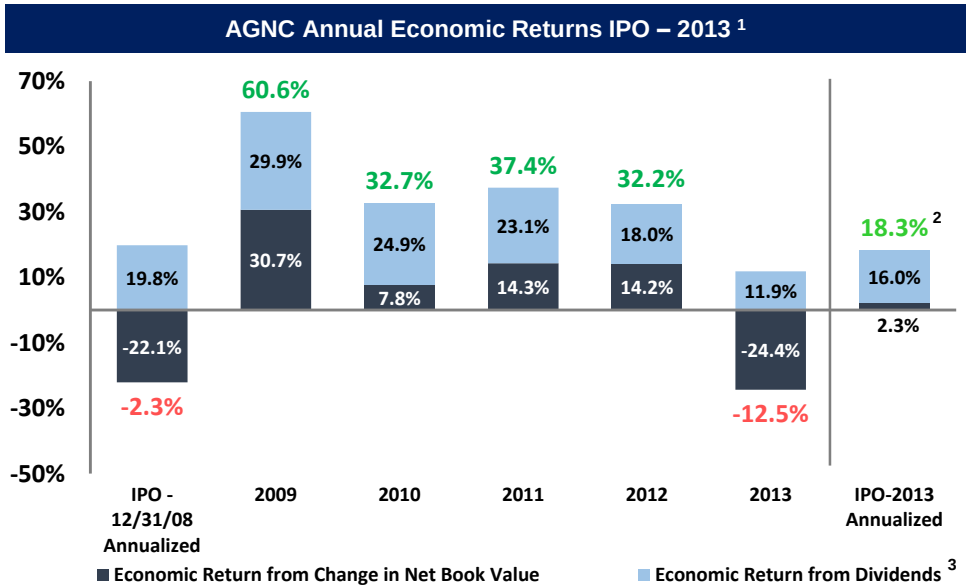
1. As of January 28, 2014
2. As of December 31, 2013. "Net Asset Value" and "Total Equity Capital" are net of the 8.000% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") aggregate liquidation preference of $173 million

2013 Full Year Highlights

- **-12.5% Economic Return on Common Equity, Comprised of:**
  - ✓ $3.75 dividends per common share
  - ✓ $(7.71) decrease in net book value per share
- **$(4.47) Comprehensive Loss per Common Share, Comprised of:**
  - ✓ $3.28 net income per common share
  - ✓ $(7.75) OCI per common share
- **$2.48 Estimated Taxable Income per Common Share**
  - ✓ Estimated undistributed taxable income decreased from $2.18 per common share as of Dec 31, 2012 to $0.59 per common share as of Dec 31, 2013
- **57.5 Million Shares of Common Stock Issued during the Year**
  - ✓ $31.33 per share offering price, net of expenses
- **40.3 Million Shares of Common Stock Repurchased during the Year**
  - ✓ $21.25 per share average repurchase price, net of expenses



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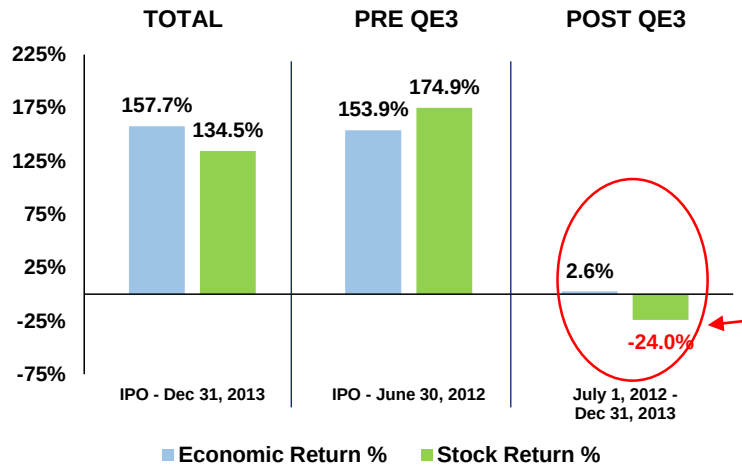
1. May 14, 2008 IPO date
2. The total economic return for the period of IPO - 2013 was 157.7%
3. Economic return from dividends represents dividends per common share divided by beginning net book value per common share

Economic And Total Stock Return Comparison

Since the onset of QE3, the decline in AGNC's price to book ratio to 81% has driven a substantial divergence between actual portfolio performance and total stock return

Economic Return vs. Total Stock Return
IPO - Dec 31, 2013 [1,2]



Post QE3
Change in Book Value vs. Change in Stock Price

	Net Book Value	Stock Price	Price/Book Ratio
Jun 30, 2012	$29.41	$33.61	114%
Dec 31, 2013	$23.93	$19.29	81%
Change	**($5.48)**	**($14.32)**	**-33 %**
Dividend	$6.25	$6.25	--
Total	$0.77	$(8.07)	--
Return %	**2.6%**	**-24.0%**	**--**

- **Economic return is the combination of dividends plus the change in net book value per common share, while total stock return is the combination of dividends plus the change in stock price per common share [1]**
- **Since the inception of QE3, AGNC has generated a 2.6% economic return for common shareholders inclusive of dividends of $6.25 per common share and a $(5.48) decline in book value per common share**
- **During the same period, the total stock return was -24.0% as the stock price dropped considerably more than the change in net book value**

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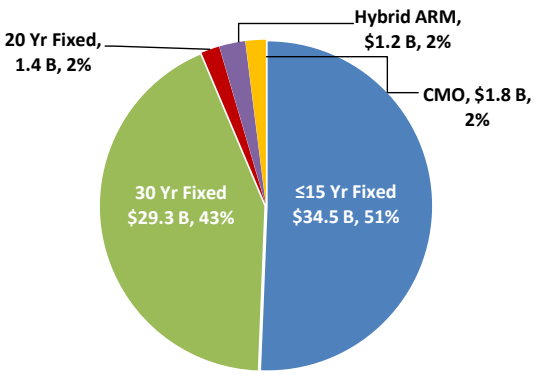
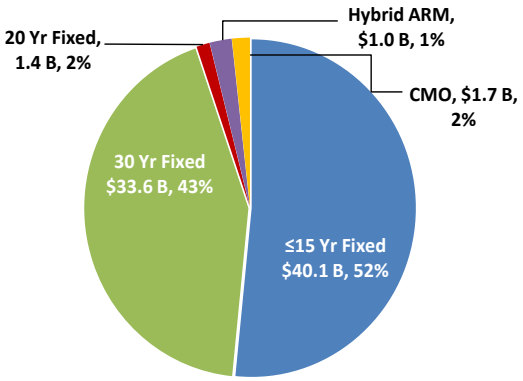
1. May 14, 2008 IPO date
2. Economic return and total stock return do not assume reinvestment of dividends

Q4 2013 Portfolio Update

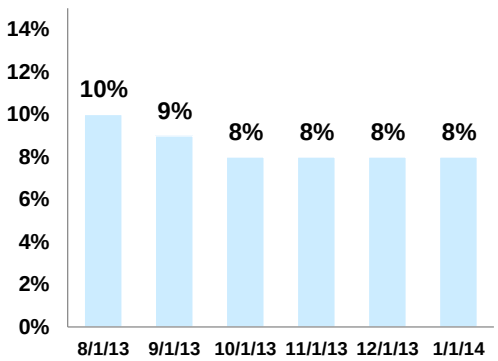
As of 12/31/13
$68.2 B Portfolio
MBS ($65.9 B, 97%) & Net TBA Position ($2.3 B, 3%)



As of 9/30/13
$77.8 B Portfolio
MBS ($85.0 B, 109%) & Net TBA Position (-$7.3 B, -9%)



AGNC Actual CPR [1]



≤15 Year - $34.5 B Portfolio (51% of Total) as of 12/31/13

($ In Millions)	FMV	%	Coupon	WALA [4]	Jan'14 1 M Actual CPR [1]	Life Forecast CPR [5]
Lower Loan Bal [2]	$18,413	53%	3.41%	27	9%	8%
HARP [3]	2,740	8%	3.14%	18	7%	7%
Other 2009-2013	17,509	51%	3.02%	24	9%	7%
Other (Pre 2009)	25	0%	4.65%	97	25%	12%
≤15 Year MBS	**$38,687**	**112%**	**3.21%**	**25**	**9%**	**8%**
Net Short TBA	$(4,146)	(12)%	2.92%	**N/A**	**N/A**	**N/A**
Total ≤15 Year	**$34,541**	**100%**	**3.25%**	**N/A**	**N/A**	**N/A**

30 Year - $29.3 B Portfolio (43% of Total) as of 12/31/13

($ In Millions)	FMV	%	Coupon	WALA [4]	Jan'14 1 M Actual CPR [1]	Life Forecast CPR [5]
Lower Loan Bal [2]	$9,728	33%	3.76%	24	6%	6%
HARP [3]	11,536	39%	4.00%	23	7%	6%
Other 2009-2013	1,426	5%	4.14%	21	7%	7%
Other (Pre 2009)	225	1%	5.63%	100	22%	20%
30 Year MBS	**$22,915**	**78%**	**3.92%**	**24**	**7%**	**6%**
Net Long TBA	$6,417	22%	4.06%	**N/A**	**N/A**	**N/A**
Total 30 Year	**$29,332**	**100%**	**3.95%**	**N/A**	**N/A**	**N/A**

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1. Wtd/avg actual 1 month annualized CPR released at the beginning of the month based on the securities held as of the preceding month-end
2. Lower loan balance defined as pools backed by original loan balance of up to $150 K. Wtd/avg original loan balance of $100K for ≤15-year and $95 K for 30-year securities as of Dec 31, 2013
3. HARP defined as pools backed by 100% refinance loans with original LTVs ≥80%. Wtd/avg original LTV of 106% for ≤15-year and 105% for 30-year securities as of Dec 31, 2013. Includes $1.1 B and $2.1 B of ≤15-year and 30-year securities, respectively, with >105 LTV pools which are not deliverable into TBA securities.
4. WALA represents the weighted average loan age presented in months
5. Average projected life CPR as of Dec 31, 2013

AGNC Portfolio Composition vs. Agency MBS Universe

Asset composition will be critical to performance as we transition to a post QE3 mortgage market

15 Year Fixed Rate MBS				
Coupon	AGNC Portfolio Years to Maturity [1]	AGNC Portfolio [2]	Universe [3]	AGNC Portfolio vs. Universe [4]
2.50	13.6	16%	7%	overweight
3.00	12.9	6%	5%	neutral
3.50	12.0	22%	3%	overweight
4.00	11.4	9%	3%	overweight
4.50	11.1	1%	2%	neutral
Total 15 Year	**12.5**	**54%**	**20%**	**overweight**

30 Year Fixed Rate MBS				
Coupon	AGNC Portfolio Years to Maturity [1]	AGNC Portfolio [2]	Universe [3]	AGNC Portfolio vs. Universe [4]
3.00	26.9	<1%	16%	underweight
3.50	27.8	14%	18%	underweight
4.00	27.7	21%	16%	overweight
4.50	26.6	9%	12%	underweight
≥ 5.00	23.2	1%	18%	underweight
Total 30 Year	**27.4**	**46%**	**80%**	**underweight**

- **AGNC's 15 year position is considerably more seasoned than newly issued 15 year TBA pools, which will be critical in a rising rate environment with less FED support**
- **AGNC's 30 year position is underweight the lowest coupon, longest duration and highest coupon, least liquid MBS**

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All figures as of Dec 31, 2013

1. Years to maturity includes AGNC's on balance sheet positions as of Dec 31, 2013 (excludes TBAs)
2. AGNC portfolio composition includes fixed rate pass-through securities and TBA positions as of Dec 31, 2013
3. Universe includes all 15 year and 30 year deliverable Fannie Mae and Freddie Mac fixed rate securities and non-deliverable MHA securities (100% refi and LTV >105 at origination). Excludes all other non-deliverable securities; Source: Citi Research as of Dec 31, 2013
4. Neutral weight equals +/- 2%

Managing Mortgage Extension Risk [1]

Given the composition of our assets and the increase in interest rates that has already occurred, further asset extension risk is minimal

Duration Gap Sensitivity [2,3] As of Dec 31, 2013			
	Duration 12/31/2013	Rates Up 100 Bps	Rates Up 200 Bps
Mortgage Assets: [4]			
30-Year MBS	6.2	7.2	7.5
15-Year MBS	4.3	4.7	4.8
Total Mortgage Assets	**5.1**	**5.8**	**5.9**
Liabilities, Swaps and Treasuries	(2.9)	(2.9)	(2.9)
Net Duration Gap without Swaptions	**2.2**	**2.9**	**3.0**
Swaptions	(0.7)	(1.1)	(1.2)
Net Duration Gap with Swaptions	**1.5**	**1.8**	**1.8**
As of Sept 30, 2013			
Net Duration Gap with Swaptions	**0.9**	**1.2**	**1.2**

- **Ongoing portfolio rebalancing actions should allow us to further mitigate our interest rate risk exposure**

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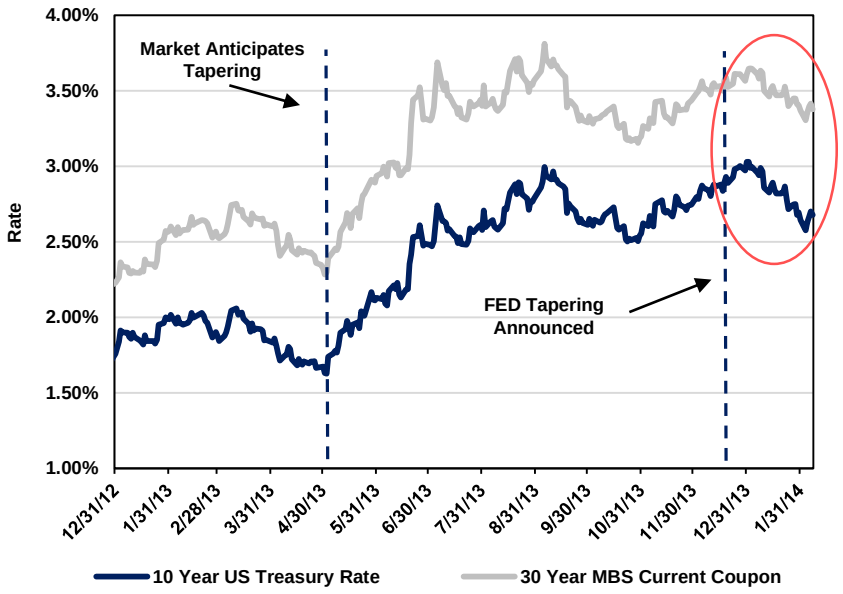
1. Extension risk is the risk that the duration of a mortgage security increases in a rising rate environment
2. Durations are expressed in years. Liability, swap, U.S. Treasury and swaption durations are expressed in asset units
3. The estimated durations included in the table above are as of a point in time and 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. The sensitivity analysis assumes an instantaneous change in interest rates and, consequently, does not include the potential impact of ongoing portfolio rebalancing actions
4. Mortgage assets include net TBA position. 15-Year MBS position includes 20-Year fixed rate MBS

INTEREST RATES AND BOND PRICES ALREADY INCORPORATE "TAPERING"

MORTGAGE AND TREASURY RATES ARE STABILIZING AS THE FED "TAPER" PROCESS IS UNDERWAY

10 Year U.S. Treasury Rate vs. 30 Year MBS Current Coupon [1,2]



- **The combination of "tapering" and a stronger economy is understood by the bond market and reflected in underlying prices**
  - ✓ Interest rates have actually fallen since the FED announced "tapering" on Dec 18, 2013
- **Interest rate volatility has also declined materially over the past 3 - 6 months**

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1. Source: Bloomberg
2. 30 year MBS current coupon for Fannie Mae 30 year fixed rate securities

MARKET INFORMATION

Security	12/31/12	9/30/13	12/31/13	2/7/14	Q4 2013 Δ	2014 YTD Δ
2 Yr UST	0.25%	0.32%	0.38%	0.30%	0.06%	-0.08%
5 Yr UST	0.72%	1.38%	1.74%	1.47%	0.36%	-0.27%
10 Yr UST	1.76%	2.61%	3.03%	2.68%	0.42%	-0.35%

Security	12/31/12	9/30/13	12/31/13	2/7/14	Q4 2013 Δ	2014 YTD Δ
2 Yr Swap	0.39%	0.46%	0.49%	0.42%	0.03%	-0.07%
5 Yr Swap	0.86%	1.54%	1.79%	1.58%	0.25%	-0.21%
10 Yr Swap	1.84%	2.77%	3.09%	2.81%	0.32%	-0.28%

30 Year Fixed Rate Mortgages						
3.00%	104.84	97.7	95.11	97.25	-2.59	2.14
3.50%	106.66	101.83	99.48	101.58	-2.35	2.10
4.00%	107.22	104.86	103.11	104.98	-1.75	1.87
4.50%	108.03	106.8	106.06	107.64	-0.74	1.58
5.00%	108.33	108.45	108.8	109.64	0.35	0.84
5.50%	108.64	109.03	110.05	110.41	1.02	0.36
6.00%	109.22	109.39	111.09	111.19	1.70	0.10

2.50%	104.61	100.61	99.00	100.59	-1.61	1.59
3.00%	105.61	103.53	102.05	103.45	-1.48	1.40
3.50%	106.14	105.58	104.58	105.64	-1.00	1.06
4.00%	107.00	106.25	105.94	106.81	-0.31	0.87
4.50%	107.55	106.25	106.44	107.06	0.19	0.62

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Source: Barclays and Bloomberg

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

SUMMARY

A SIGNIFICANT PRICE/BOOK DISCOUNT ALLOWS INVESTORS TO PURCHASE A PORTFOLIO OF AGENCY MBS AT A PRICE WELL BELOW WHERE THEY TRADE IN THE OPEN MARKET AND THESE SECURITIES ARE ALREADY PRICING IN A STRONGER ECONOMY AND FED TAPERING

- **Mortgage and U.S. Treasury rates rose dramatically in 2013 and now incorporate expectations of a stronger economy and less FED accommodation**
- **Many risks to agency MBS have dissipated**
  - ✓ Mortgage durations have almost fully extended and origination volumes have plummeted
  - ✓ The FED owns almost 1/3 of the total outstanding agency MBS and investors have rebalanced portfolios, reduced MBS exposure and reset hedges, all of which minimize the risk of future fire sales of fixed income assets
  - ✓ Treasury recently opposed a significant expansion of the HARP program
  - ✓ Repo related concerns have diminished materially
    - Global regulators have softened leverage ratio calculations
    - New counterparties have been added and haircuts are largely unchanged
- **Risk/return equation is considerably more attractive given the current interest rate environment and price/book discounts**
  - ✓ A larger duration gap materially improves margins
  - ✓ Stock buy backs can further enhance returns
- **Typical drivers of significant price/book discounts do not apply to agency REITS**
  - ✓ Agency MBS market liquidity is second only to the U.S. Treasury market
  - ✓ Agency MBS valuations are widely observable and transaction costs are low
  - ✓ Most agency REITs are large public companies with relatively low expense ratios

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