



BARCLAYS FINANCIAL SERVICES CONFERENCE

SEPTEMBER 16, 2015

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") or American Capital Mortgage Investment Corp. ("MTGE") as applicable. 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 AGNC's and MTGE's respective periodic reports filed with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website at www.sec.gov. AGNC and MTGE disclaim 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 and 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.

 American
Capital
Agency

CAPITAL STOCK HIGHLIGHTS



TYPE / STOCK TICKER:
COMMON STOCK / AGNC

EXCHANGE:
NASDAQ

IPO PRICE:
\$20.00 PER SHARE

NET ASSET VALUE ²:
\$24.00 PER SHARE

IPO DATE:
MAY 2008

TOTAL DIVIDENDS PAID SINCE IPO ¹:
\$31.50 PER SHARE

TOTAL EQUITY CAPITAL ²:
\$8.4 B



TYPE / NAME:

8.000% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

PREFERRED STOCK TICKER:
AGNCP

PER ANNUM DIVIDEND RATE:
8.000% PAYABLE QUARTERLY

EXCHANGE:
NASDAQ

TOTAL DIVIDENDS PAID SINCE OFFERING ¹:
\$6.556 PER SHARE

PUBLIC OFFERING PRICE:
\$25.00 PER SHARE

SHARES OUTSTANDING:
6.9 MILLION



TYPE / NAME:

7.750% SERIES B CUMULATIVE REDEEMABLE PREFERRED STOCK

PREFERRED STOCK TICKER:
AGNCB

PER ANNUM DIVIDEND RATE:
7.750% PAYABLE QUARTERLY

EXCHANGE:
NASDAQ

TOTAL DIVIDENDS PAID SINCE OFFERING ¹:
\$2.29809 PER DEPOSITARY SHARE

PUBLIC OFFERING PRICE:
\$25.00 PER DEPOSITARY SHARE ³

DEPOSITARY SHARES OUTSTANDING:
7.0 MILLION



* As of June 30, 2015 unless otherwise indicated

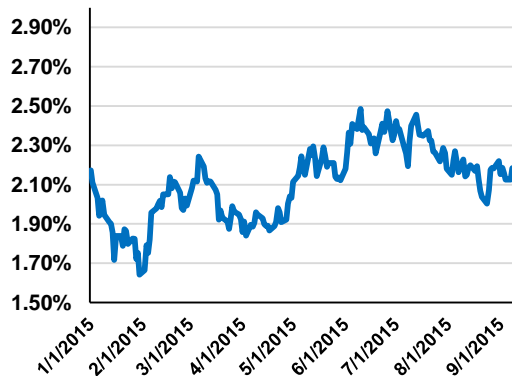
1. As of July 15, 2015
2. "Net Asset Value" and "Total Equity Capital" are net of the 8.000% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") and the 7.750% Series B Cumulative Redeemable Preferred Stock ("Series B Preferred Stock") liquidation preference of \$173 and \$175 million, respectively
3. Each depositary share outstanding represents a 1/1,000th interest in a share of Series B Preferred Stock

2015 HAS BEEN A VOLATILE YEAR FOR ALL ASSET CLASSES

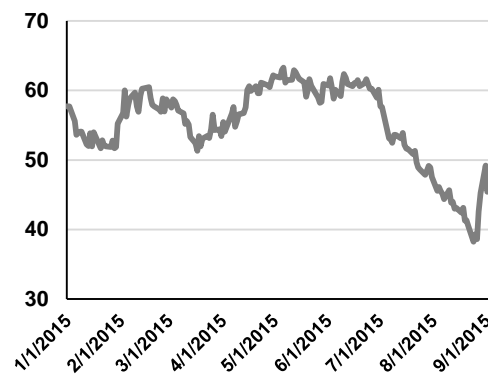
WEAKNESS IN COMMODITY PRICES, EUROPE, CHINA AND OTHER EMERGING MARKETS, COUPLED WITH CONCERNS AROUND DIVERGING CENTRAL BANK ACTIVITIES HAVE CREATED SIGNIFICANT UNCERTAINTY ACROSS FINANCIAL MARKETS

- ◆ Despite the unprecedented weekly volatility in treasury prices, YTD changes in yields have actually been very small
- ◆ Commodity prices have also been very volatile but we have seen a significant decline so far in 2015
- ◆ Global equities initially shook off the gyrations in other markets but that trend ended over the past several months with valuations falling and the VIX and other measures of volatility increasing materially

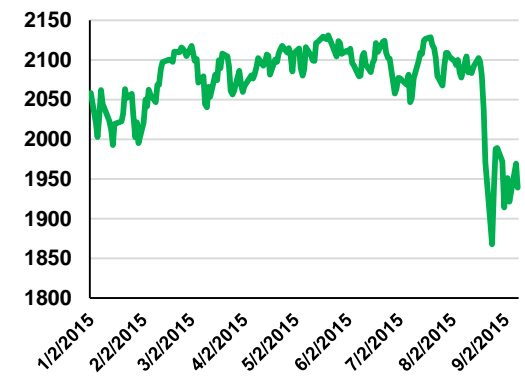
10 Year UST Yield¹



Oil Index¹



S&P 500¹



2015 FIXED INCOME MARKET SUMMARY

GLOBAL FIXED INCOME MARKETS HAVE CONTINUED TO BE VOLATILE AND THIS VOLATILITY HAS SPREAD ACROSS TO A BROADER SET OF ASSET CLASSES

◆ **Despite traversing a range from around 1.65 to 2.50 %, 10 yr UST rates were virtually unchanged YTD (as of Sept 9th)**

- ✓ 5 yr UST yields fell 13 bps YTD while the 2 yr UST yield increased slightly as we got closer to FED liftoff
- ✓ 30 year treasuries were the worst performers rising almost 20 bps in yield so far in 2015

◆ **Swap yields fell YTD across the curve with the 5 year UST rallying the most (20bp) while 10 year swaps dropped by 10 bps**

- ✓ Swap spreads tightened significantly over the course of the year

◆ **Credit sensitive products led the widening in the larger fixed income sectors**

- ✓ Investment Grade widened almost 45 bps
- ✓ High Yield widened 65 bps
- ✓ CMBS widened 34 bps
- ✓ Emerging Markets widened 12 bps

◆ **Agency MBS OAS widened by just over 15 bps but significantly outperformed credit sensitive sectors**

Treasury Rates ¹			
Security	12/31/2014	09/09/2015	YTD Δ
2 Yr UST	0.67%	0.74%	0.07%
5 Yr UST	1.65%	1.52%	-0.13%
10 Yr UST	2.17%	2.18%	0.01%
30 Yr UST	2.75%	2.94%	0.19%

Swap Rates ¹			
Security	12/31/2014	09/09/2015	YTD Δ
2 Yr Swap	0.89%	0.86%	-0.03%
5 Yr Swap	1.77%	1.57%	-0.20%
10 Yr Swap	2.29%	2.19%	-0.10%
30 Yr Swap	2.70%	2.66%	-0.04%

Security	12/31/2014	09/09/2015	YTD Δ
Agency MBS OAS ²	10	26	16
Investment Grade ³	118	163	45
CMBS ⁴	86	120	34
High Yield ³	514	579	65
Emerging Market ⁴	424	436	12

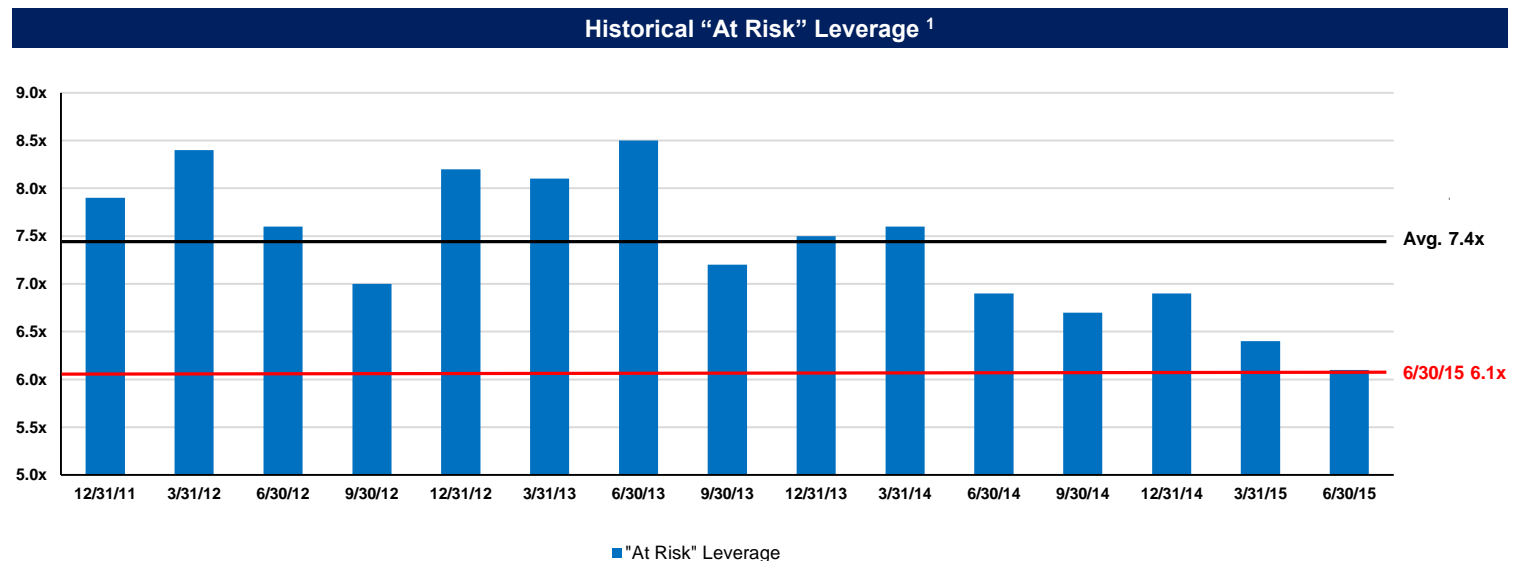


1. Source: Barclays; change in Treasury and swap prices derived from Constant Maturity Treasury and Constant Maturity Swap and DV01 from JPM
 2. Source: Unweighted annual average of Citi, JP Morgan, Credit Suisse and Barclays daily OAS close valuations; pricing is for generic instruments and is not meant to be reflective of securities held by AGNC; prices can vary materially depending on the source
 3. Source: Bloomberg; information is provided for illustrative purposes only
 4. Source: Credit Suisse

OUR APPROACH TO THE CURRENT LANDSCAPE

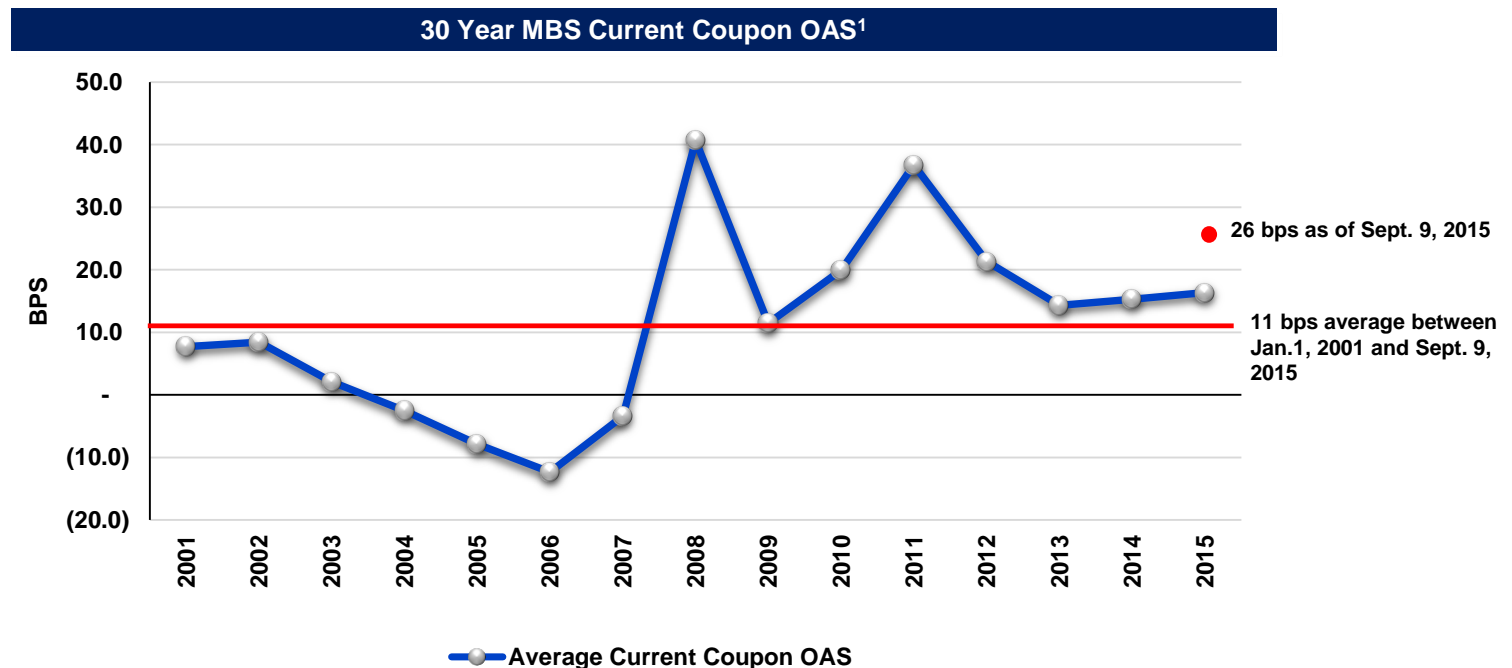
AS WE HAVE STRESSED ALL YEAR, WE BELIEVE A CONSERVATIVE APPROACH TO MANAGING THE PORTFOLIO CONTINUES TO BE WARRANTED OVER THE SHORT RUN

- ◆ We have operated with low leverage throughout 2015
- ◆ Our interest rate and spread exposure has also been relatively low in response to the combination of idiosyncratic risks and reduced market liquidity



LOOKING AHEAD

- ◆ Looking ahead, we believe we are getting closer to an environment where we can begin to return to a more normal risk position. Some likely catalysts could include:
 - ✓ Further widening in agency spreads – This would push agency MBS OAS to the widest end of the long term range (excluding the depths of the 2008 crisis)
 - ✓ Higher intermediate and long term rates - While it is logical to project higher rates with FED hikes and further treasury selling from emerging market players, **this is very unlikely to be a typical hiking cycle**
 - ✓ Getting the first FED hike behind us (and the market reaction) or greater stability in commodity markets and emerging economies – It looks very likely that uncertainty around both the FED and emerging market economies is likely to play out over the next 6 months, which should allow markets to react, reprice, and then ultimately be more predictable



THIS IS VERY UNLIKELY TO BE A TYPICAL HIKING CYCLE

HISTORICAL PARALLELS TO PRIOR FED HIKING CYCLES ARE UNLIKELY TO APPLY AS OVERALL ECONOMIC AND FINANCIAL CONDITIONS ARE VERY DIFFERENT

- ◆ In other FED tightening cycles, economic activity was improving rapidly after a period of weakness. Inflation expectations were also typically increasing and inflation was much closer to the FED's target
- ◆ Today, even proponents of FED hikes argue the reason to increase rates is the cumulative improvement in the labor market against the backdrop of “crisis” level rates
 - ✓ Very few believe we are actually seeing a significant pick up in economic activity
- ◆ Both inflation readings and expectations are well below the FED's target and have shown no signs of increasing despite years of extremely accommodative monetary policy and job gains
- ◆ FED rate increases, against the backdrop of other global central bank easing, are likely to further pressure prices and corporate earnings via a stronger dollar and cheaper import prices
- ◆ Emerging market headwinds are unlikely to go away as technological advances should permanently reduce the core comparative advantage of cheap labor. Other commodity based economies are likely to continue to be pressured without a significant repricing of oil and other commodities
- ◆ Political and economic uncertainty throughout the globe (Middle East, Europe, South America, and Asia) is likely to continue to bias event risk to the downside with respect to global growth

DON'T WRITE OFF THE REIT SPACE

WE BELIEVE A PRICE-TO-BOOK DISCOUNT OF AROUND 20% COMPENSATES FOR BOOK VALUE RISK EVEN IN A VERY STRESSFUL SCENARIO

- ◆ It would likely require nearly a 100 bps increase in rates and a 25 bps widening of MBS spreads for AGNC to suffer over a 20% hit to book value*.
- ◆ Importantly, if this significant stress scenario occurred, our earnings outlook would be considerably better as mortgage spreads would be near historical wides (excluding 2008 crisis) and the interest rate environment would be much more favorable.
- ◆ Against this backdrop, we would likely increase leverage and our duration gap.
- ◆ The combination of an attractive investment environment, higher leverage, and more normal interest rate risk positions can be expected to significantly improve the future ROE and earnings landscape.
- ◆ A materially improved earnings outlook should lead to lower price/book discounts allowing price to book multiple expansion to offset a material amount of potential book value declines in a major stress scenario.