



# Q3 2009 Stockholder Presentation

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October 21, 2009

# 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 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](http://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 annual report on Form 10-K/A for the period from May 20, 2008 (commencement of operations) through December 31, 2008, and our quarterly report on Form 10-Q for the quarter ended September 30, 2009. Historical results discussed in this presentation are not indicative of future results.**

# Overview of AGNC

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## Structure and Investment Objective

- ◆ Externally-managed Agency REIT (Nasdaq: AGNC)
  - ◆ Committed to Generating Attractive Risk Adjusted Returns While Balancing Book Value Preservation
  - ◆ Distribute Income Through Quarterly Dividends
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## Asset Class and Investment Portfolio

- ◆ Invest Exclusively in Agency Securities Guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae
  - ◆ Capitalize on Discrepancies in the Relative Valuations by Investing Throughout the Agency Securities Market
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## Leverage and Capitalization

- ◆ Leverage of 7.3x as of 9/30/09\*
- ◆ Repurchase Agreements with 18 Global Financial Institutions as of 9/30/09

\* Leverage calculated as total repurchase agreements plus payable for agency securities purchased but not yet settled less receivable for agency securities sold but not yet settled divided by total stockholders' equity.

# Fundamentals of Mortgage Investing

## Successful Agency Security Investing

### Asset Selection

- ◆ **Superior Asset Selection is Critical to Generating Attractive Returns**
  - ✓ Relative value within mortgage market
  - ✓ Individual security selection within subsectors
- ◆ **Broad-based Analysis of Mortgage and Fixed Income Markets**
  - ✓ Macro mortgage market trends
  - ✓ American Capital provides unique insight into economy

### Risk Management

- ◆ **Proper Assessment of Market Risks Integral to Generating Attractive Risk Adjusted Returns**
- ◆ **Understanding Spread Risk and Prepayment Uncertainty is Critical**
- ◆ **Balance Protecting Book Value While Managing Income at Risk**

### Funding / Leverage

- ◆ **Prudent Use of Leverage**
- ◆ **Asset Selection is Critical to the Availability of Attractive Funding**
- ◆ **Appropriate Risk Management and Hedging Strategies are Crucial**

**Committed to Generating Attractive Risk Adjusted Returns While Balancing Book Value Preservation**

# Q3 2009 Highlights

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- ◆ **Raised Approximately \$95 MM of Net Proceeds in a Follow-on Offering**
  - ✓ 4.3 million shares issued at \$23.30 per share
- ◆ **Declared a Dividend of \$1.40 per Share**
- ◆ **\$1.89 per Share of Taxable Income\***
  - ✓ \$0.90 per share of undistributed taxable income as of September 30, 2009
- ◆ **\$1.82 per Share of Net Income\***
  - ✓ Includes \$0.73 per share of other income
- ◆ **32.9% Annualized ROE\*\***
  - ✓ 20.8% annualized ROE, net of other income
- ◆ **2.68% Annualized Net Interest Rate Spread**
- ◆ **\$3.4 B Investment Portfolio as of September 30, 2009**
  - ✓ 31% increase from June 30, 2009
- ◆ **7.3x Leverage as of September 30, 2009\*\*\***
- ◆ **\$22.23 Book Value per Share as of September 30, 2009**
  - ✓ Increased 7%, or \$1.47 per share, from June 30, 2009

# Estimated Undistributed Taxable Income\*

- ◆ **As of September 30, 2009, AGNC had \$0.90 per Share of Estimated Undistributed Taxable Income**
- ◆ **Distribution Requirement to Avoid Paying the Excise Tax:**
  - ✓ 100% of 2008 undistributed taxable income,
  - ✓ 85% of calendar year 2009 ordinary taxable income, and
  - ✓ 95% of calendar year 2009 net capital gains
- ◆ **AGNC Would Consider Paying an Excise Tax Under Certain Circumstances**

## Reconciliation of Estimated Undistributed Taxable Income

<i>(\$ in millions, except per share)</i>	\$ Amt	Per Share
<b>2008 Undistributed Taxable Income</b>	<b>\$4.3</b>	<b>\$0.22</b>
YTD 2009 Ordinary Taxable Income	\$50.9	\$2.64
YTD 2009 Net Capital Gains	<u>24.4</u>	<u>1.26</u>
<b>YTD 2009 Estimated Taxable Income</b>	<b>\$75.3</b>	<b>\$3.90</b>
<b>YTD 2009 Dividends Declared or Paid</b>	<b>(\$62.3)</b>	<b>(\$3.22)</b>
<b>Estimated Undistributed Taxable Income as of September 30</b>	<b>\$17.3</b>	<b>\$0.90</b>

\* Per share amounts based on 19.3 million shares outstanding as of September 30, 2009.

# Market Commentary

Security	3/31/09	6/30/09	9/30/09	Q3 2009 Change
2 Yr UST	0.80%	1.11%	0.95%	(0.16%)
5 Yr UST	1.66%	2.56%	2.31%	(0.25%)
10 Yr UST	2.67%	3.54%	3.31%	(0.23%)
<b>Swaps</b>				
2 Yr Swap	1.38%	1.53%	1.29%	(0.24%)
5 Yr Swap	2.21%	2.97%	2.65%	(0.32%)
10 Yr Swap	2.86%	3.78%	3.46%	(0.32%)

Coupon*	3/31/09	6/30/09	9/30/09	Q3 2009 Change	Q1 to Q3 2009 Change
4.0%	100.53	96.98	99.05	2.07	(1.48)
5.0%	103.19	101.77	103.30	1.53	0.11
6.0%	104.44	104.52	105.52	1.00	1.08

**Hybrid ARM<sup>s</sup>\*\***

4.0% 60 MTR	101.88	102.00	103.75	1.75	1.87
6.0% 36 MTR	104.00	105.25	106.06	0.81	2.06

- ◆ Interest Rates Rallied over 25 bps During the Quarter
- ◆ Both Higher Coupon and Lower Coupon Fixed Rate Securities Performed Well
- ◆ Hybrid ARM<sup>s</sup> Also Performed Well with Lower Coupons Benefiting from the Drop in Rates and Higher Coupons Bolstered by More Optimistic Prepayment Expectations

\* Agency securities prices for fixed rate securities only. Source: Bloomberg

\*\* Agency Hybrid ARM securities were priced using the median of several dealer indications.

# Asset Selection Strategy

◆ **Prepayment Risk Related to GSE Credit-Related Buyouts Has Increased**

- ✓ Refinance activity should remain subdued

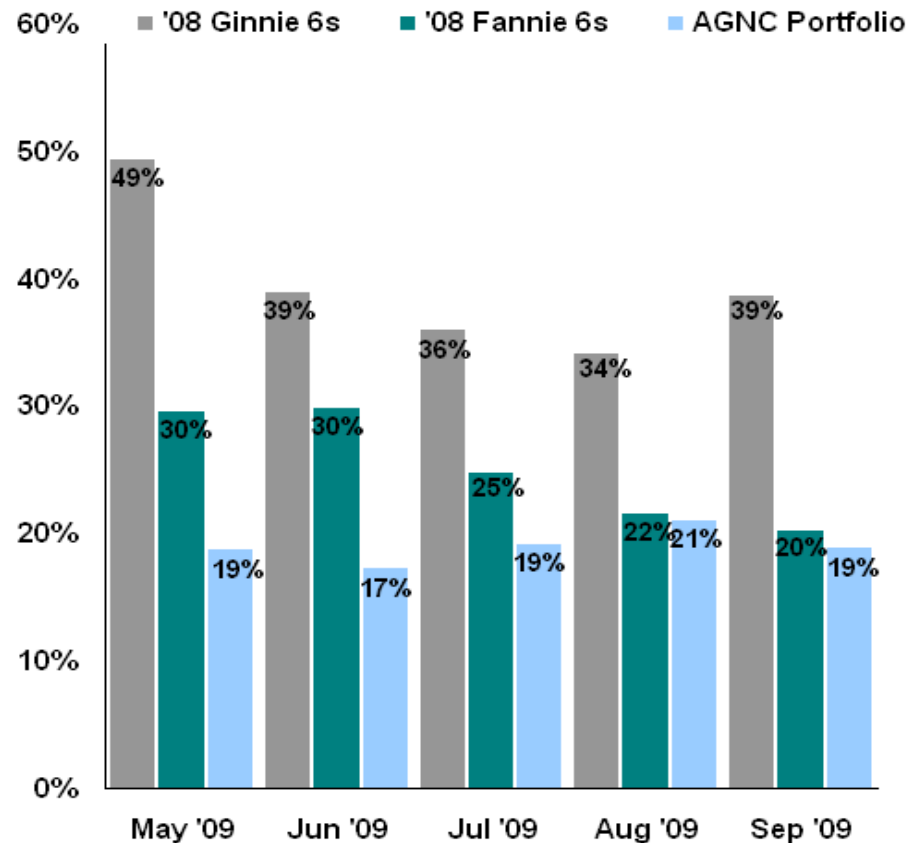
◆ **Rising Market Prices, Coupled with Increasing GSE Buyouts\*, No Longer Justify Overweighting Some Higher Coupon Securities**

◆ **Proactively Reduced Exposure to the Securities with Significant GSE Buyouts in the Latter Half of Q3**

- ✓ Sold our highest coupon ARMs and added lower coupon securities

◆ **Repositioning Allowed AGNC to Lock in Gains and Diversify Exposure**

Actual CPR Comparison \*\*



\* GSE buyout: U.S. Government agency or U.S. Government-sponsored entity may buyout loans in underlying mortgage pools of agency securities for a variety of reasons, including loan modifications, seriously delinquent loans, foreclosure sales as well as other reasons. These GSE buyouts effectively increase prepayments.

\*\* CPR data in the graph above includes AGNC's aggregate investment portfolio as of month end for each period presented, therefore historical comparisons may not be indicative of future results due to changes in portfolio composition and other factors.



# Q3 2009 Portfolio Update

## ◆ \$3.4 B Investment Portfolio as of 9/30/09

- ✓ 31% increase from 6/30/09

## ◆ Increased Hybrid ARM Position by Approximately \$600 MM

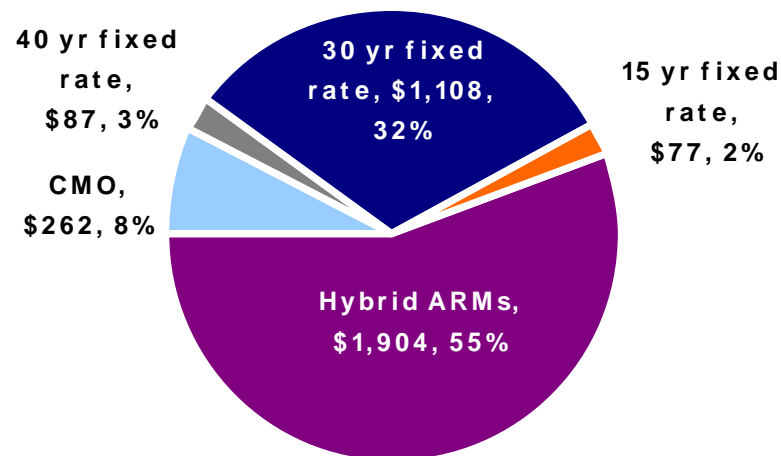
- ✓ Reduced average hybrid ARM coupon by 54 bps to 5.43%
- ✓ Reduced percentage of higher coupon ARMs from 51% to 20% of the portfolio
- ✓ Increased \$ amount and percentage of lower coupon ARMs to 20% of the portfolio
- ✓ Reduced the percentage of interest-only ARMs to just over half of the portfolio

## ◆ Selectively Added Lower Coupon Fixed Rate Securities

## ◆ Increased Swap Position by \$450 MM In Conjunction with Increase in Portfolio Size and Addition of Lower Coupon Securities

### \$3.4 B Portfolio as of 9/30/09

(\$ in millions)



### Changes to Composition of Hybrid ARM Portfolio

June 30, 2009 vs. September 30, 2009

(\$ in millions)

	\$ Amt.	Avg. Coupon	>6% Avg. Coupon	<5% Avg. Coupon	Interest Only	Avg. Reset (Months)
06/30/09	\$1,308	5.97%	51%	2%	84%	40
09/30/09	\$1,904	5.43%	20%	20%	52%	48

# Fixed Rate Agency Securities

- ◆ **Reduced Weighted Average Coupon by 13 bps to 5.77%, Mainly as a Result of the Purchase of 5% and 5.5% Coupon Securities**
  - ✓ 34% of fixed rate portfolio in securities with coupons of 5.5% or lower
- ◆ **Actual CPR Performance of our Fixed Rate Portfolio Continues to Outperform Conventional Agency Securities but Differences are Converging as Overall Prepayment Speeds Slow**

## AGNC Fixed Rate MBS

(\$ in millions – as of September 30, 2009)

<i>\$ in millions</i>								Generic Prepay Speeds	
Coupon	Par Value	Market Value	% Total	Amortized Cost Basis	Average WAC*	Actual 1 Month CPR**	Actual 3 Month CPR**	Fannie '08 1 Month CPR***	Ginnie '08 1 Month CPR***
4.5%	\$24	\$25	2%	103.6%	4.84%	8.8%	1.6%	6.5%	6.3%
5.0%	143	148	12%	101.2%	5.59%	22.2%	23.9%	10.3%	14.4%
5.5%	239	251	20%	103.9%	5.95%	7.1%	3.8%	14.2%	28.4%
6.0%	762	804	63%	102.1%	6.65%	17.6%	18.6%	20.3%	38.7%
6.5%	36	39	3%	103.7%	7.07%	13.8%	17.5%	21.5%	42.9%
>6.5%	5	5	--%	104.7%	8.29%	56.0%	47.6%	23.5%	46.3%
<b>Total</b>	<b>\$1,209</b>	<b>\$1,272</b>	<b>100%</b>	<b>102.4%</b>	<b>6.37%</b>	<b>15.9%</b>	<b>16.0%</b>		

\* Weighted average coupon of the underlying collateral.

\*\* As of October 1, 2009 for agency securities held as of September 30, 2009.

\*\*\* Source: Wall Street Investment banks and filings from Fannie Mae and Freddie Mac.

# Hybrid ARM Securities

- ◆ Increased Hybrid ARM Portfolio by Approximately \$600 MM
- ◆ Lowered the Weighted Average Coupon by 54 bps from June 30 to 5.43% as of September 30:
  - ✓ Addition of new production, short reset hybrids, and other lower or mid-coupon securities
  - ✓ Sales of higher coupon and interest-only securities backed by credit-impaired collateral

## AGNC Hybrid ARMs

(\$ in millions – as of September 30, 2009)

\$ in Millions								Actual	Actual
Coupon	Par Value	Market Value	% Total	Amortized Cost Basis	Average Coupon	Average Age	% Interest Only	1 Month CPR*	3 Month CPR*
0%-4.9%	\$357	\$372	20%	102.7%	4.14%	36	4%	14.3%	20.5%
5.0%-6.0%	1,087	1,149	60%	104.5%	5.62%	22	61%	21.0%	19.3%
6.0%-6.5%	356	378	20%	104.9%	6.15%	27	76%	20.9%	21.5%
> 6.5%	5	5	--%	104.4%	6.54%	22	0%	--%	--%
<b>Total</b>	<b>\$1,805</b>	<b>\$1,904</b>	<b>100%</b>	<b>104.2%</b>	<b>5.43%</b>	<b>26</b>	<b>52%</b>	<b>19.6%</b>	<b>19.9%</b>

\$ in Millions				
Reset	Market Value	% Total	Average Reset	Average Coupon
0-23 Months	\$261	14%	15	4.65%
24-35 Months	632	33%	30	5.79%
36-60 Months	332	17%	47	5.65%
> 60 Months	679	36%	77	5.30%
<b>Total</b>	<b>\$1,904</b>	<b>100%</b>	<b>48</b>	<b>5.43%</b>

Index	% Total
LIBOR	82%
CMT / MTA	18%
COFI / Other	--%
<b>Total</b>	<b>100%</b>

# Financing and Hedging Summary

- ◆ **7.3x Leverage as of September 30, 2009\***
  - ✓ 0.35% weighted average repo cost of funds as of September 30, 2009
  
- ◆ **\$1.4 B Notional Swap Book as of September 30, 2009**
  - ✓ Increased swap book by \$450 MM due to the increase in the portfolio and the addition of lower coupon securities
  - ✓ 2.8 year average maturity of the swap book
  - ✓ 41% of \$3.4 B investment portfolio

## AGNC Repos and Interest Rate Swaps

(\$ in millions – as of September 30, 2009)

Original Repo Maturities	Repo Outstanding	Interest Rate	WA Days to Maturity	Original Swap Term	Notional Amount	Pay Rate	Receive Rate	Average Maturity
30 Days or less	\$1,347.0	0.35%	18 Days	1 Year	\$ --	--	--	--
31 – 59 Days	925.2	0.34%	15 Days	2 – 3 Years	1,100	1.81%	0.25%	2.3 years
60 – 90 Days	225.4	0.33%	23 Days	4 – 5 Years	300	2.82%	0.25%	4.4 years
Greater than 90 Days	451.4	0.38%	66 Days					
<b>Total / Wtd Avg</b>	<b>\$2,949.0</b>	<b>0.35%</b>	<b>25 Days</b>	<b>Total / Wtd Avg</b>	<b>\$1,400</b>	<b>2.02%</b>	<b>0.25%</b>	<b>2.8 years</b>

# Business Economics

(unaudited)	As of 9/30/09	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Asset Yield	4.13%	4.38%	5.35%	5.13%	4.24%
Cost of Funds	(1.20)%	(1.16)%	(1.30)%	(2.03)%	(3.05)%
<b>Net Interest Rate Spread before Terminated Swap Amortization Expense</b>	<b>2.93%</b>	<b>3.22%</b>	<b>4.05%</b>	<b>3.10%</b>	<b>1.19%</b>
Cost of Funds – Terminated Swap Amortization Expense*	(0.48)%	(0.54)%	(0.50)%	(0.08)%	--%
<b>Net Interest Rate Spread</b>	<b>2.45%</b>	<b>2.68%</b>	<b>3.55%</b>	<b>3.02%</b>	<b>1.19%</b>
<b>Leverage**</b>	<b>7.3x</b>	<b>7.2x</b>	<b>7.0x</b>	<b>5.6x</b>	<b>5.1x</b>
Leveraged Net Interest Rate Spread	17.80%	19.15%	24.88%	16.96%	6.11%
Plus: Asset Yield	4.13%	4.38%	5.35%	5.13%	4.24%
<b>Gross ROE Before Expenses</b>	<b>21.93%</b>	<b>23.53%</b>	<b>30.23%</b>	<b>22.09%</b>	<b>10.35%</b>
<b>Other Income, Net</b>	<b>--%</b>	<b>12.19%</b>	<b>12.86%</b>	<b>5.54%</b>	<b>9.32%</b>
Management Fees as a % of Equity	(1.15)%	(1.23)%	(1.23)%	(1.34)%	(1.39)%
Other Operating Expenses as a % of Equity	(1.30)%	(1.55)%	(2.04)%	(2.17)%	(1.82)%
<b>Total Operating Expenses as a % of Equity</b>	<b>(2.45)%</b>	<b>(2.78)%</b>	<b>(3.27)%</b>	<b>(3.51)%</b>	<b>(3.21)%</b>
<b>Net Return on Equity</b>	<b>19.48%</b>	<b>32.94%</b>	<b>39.82%</b>	<b>24.12%</b>	<b>16.46%</b>

\* Represents amortization expense associated with the termination of interest rate swaps during 2009 (\$16.6 million total cost with \$3.7 million, \$2.7 million and \$0.3 million expensed in Q3 2009, Q2 2009 and Q1 2009, respectively) with the remaining termination fees (\$9.9 million) amortized into GAAP and taxable income over the next three quarters.

\*\* Leverage calculated as total repurchase agreements plus payable for agency securities purchased but not yet settled less receivable for agency securities sold but not yet settled divided by total stockholders' equity.

# Book Value

## Roll Forward of Book Value Per Share

<b>Balance – June 30, 2009 (unaudited)</b>	<b>\$20.76</b>
Unrealized Gain on Available-for-Sale Securities, Net*	0.83
Unrealized Loss on Swaps, Net*	(0.06)
Net Income Less Other Income and Less Expense from Terminated Swaps, Net**	1.30
Other Income, Net**	0.73
Expense from Terminated Swaps**	(0.21)
Dividends Declared	(1.40)
Accretion from Issuance of Common Stock*	0.28
<b>Balance – September 30, 2009 (unaudited)</b>	<b>\$22.23</b>

\* Calculated based on shares outstanding as of September 30, 2009.

\*\* Calculated based on weighted average number of common shares outstanding during the quarter.

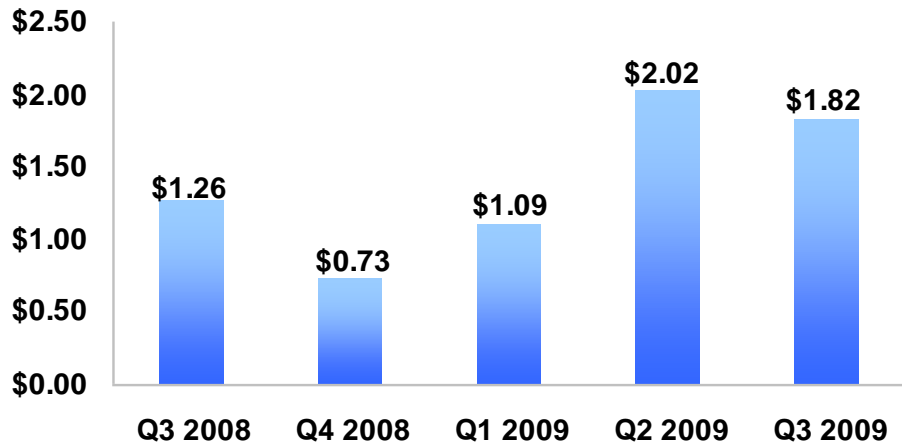
# Looking Ahead – Potential Market Dynamics

- ◆ **There are Potential Market Events that Could Impact Various Sectors of the Agency Securities Market**
- ◆ **AGNC has the Broad-based Knowledge and Expertise to Invest Throughout the Agency Securities Landscape Which Will Enable Us to Capitalize on Changing Market Dynamics**

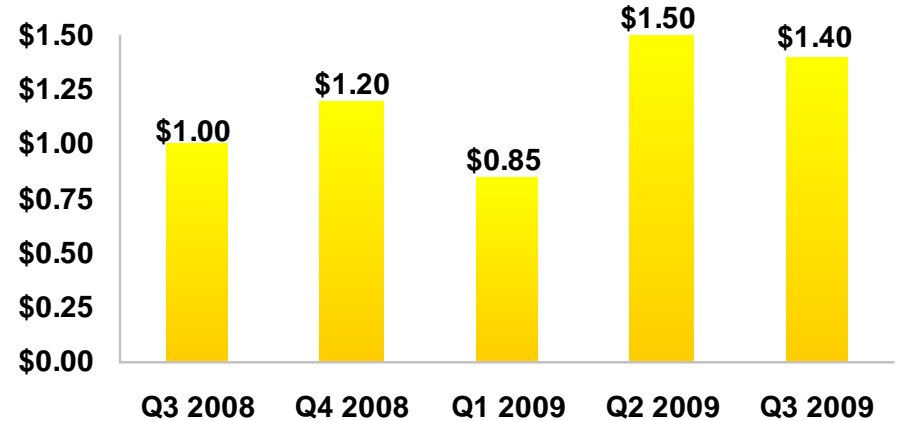
Potential Market Developments	Potential Impact to Agency Securities Market
Fed Phases Out of its Agency Securities and U.S. Treasury Purchase Programs	Spreads Likely to Widen in a Measured Way with the Impact Likely Greatest in Lower Coupon Fixed-Rate Securities
Long Term Interest Rates Rise While Short Term Interest Rates Remain Low	Greater Yield Pick-up in Purchasing Fixed Rate Securities versus ARMs
Buyouts and Loan Modifications Increase Short-term Prepay Speeds	High Coupon and Credit Impaired Collateral (fixed and ARMs) Weaken Due to Increased Risk Premiums
<p><b>Changes in Interest Rates Could Impact the Supply of Agency Securities</b></p> <ul style="list-style-type: none"> <li>✓ Further Rally in Interest Rates Could Increase Supply of Fixed Rate Securities</li> <li>✓ Supply of New Issue ARMs Could Increase if Yield Curve Steepens or if Rates on Fixed Rate Mortgages Rise</li> </ul>	<p><b>Spreads on New Issue, Low Coupon Fixed Rate Securities Widen</b></p> <p><b>Spreads on Low Coupon ARMs Widen</b></p>

# AGNC Historical Overview

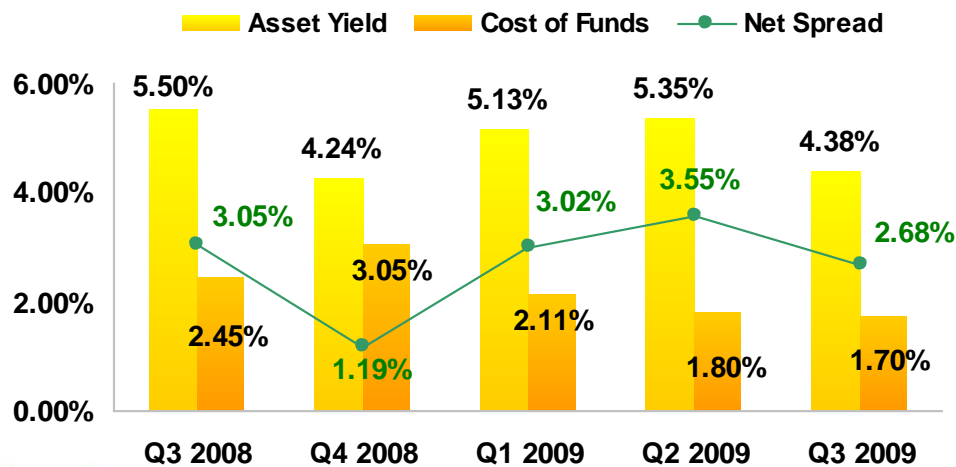
## Earnings per Share



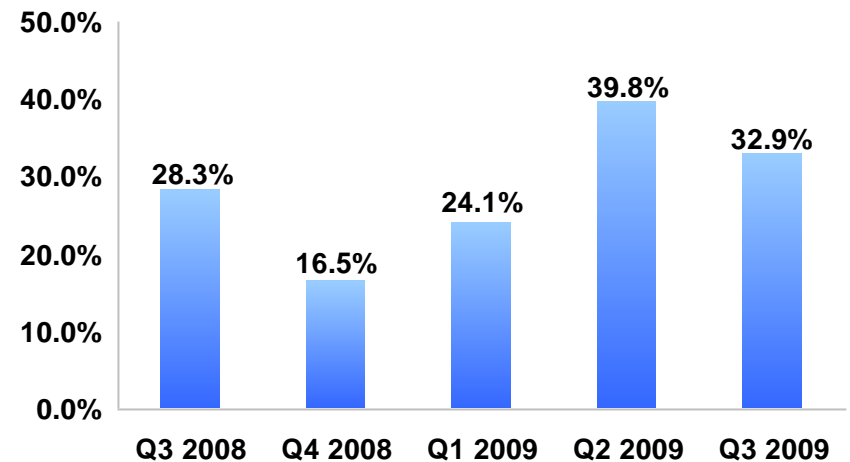
## Dividend per Share



## Net Spread



## Return on Equity

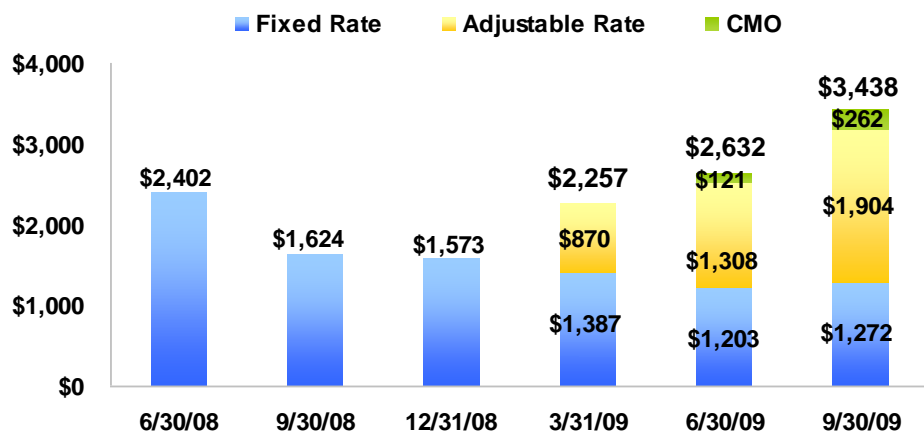




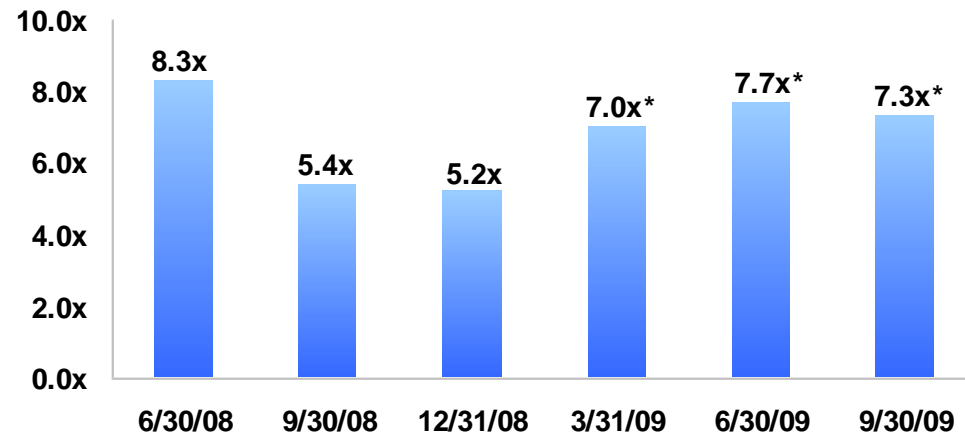
# AGNC Historical Overview

(\$ in millions)

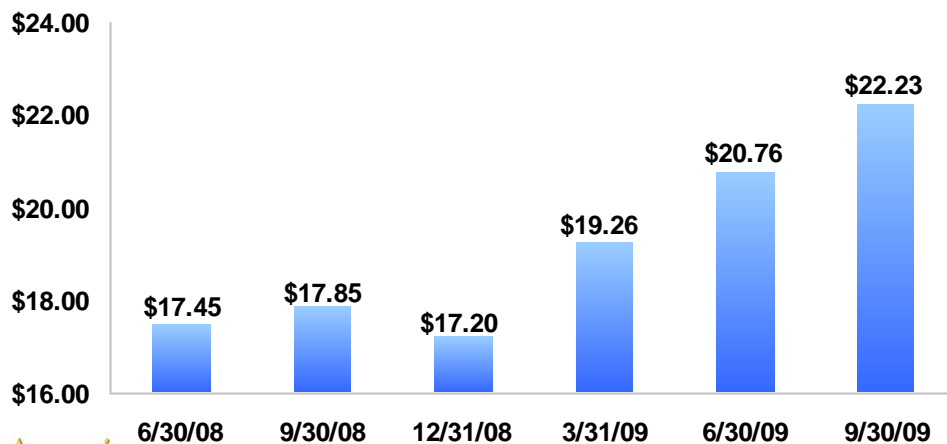
## Investment Portfolio



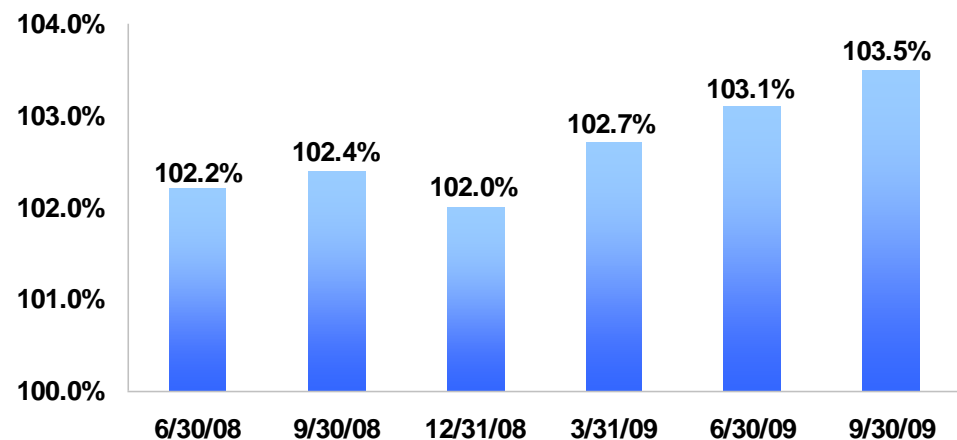
## Leverage



## Book Value Per Share



## Amortized Cost Basis



\* Leverage calculated as total repurchase agreements plus payable for agency securities purchased but not yet settled less receivable for agency securities sold but not yet settled divided by total stockholders' equity.

# Income Statements

(\$ in millions, except per share data) (unaudited)	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Interest Income	\$32.8	\$31.7	\$22.4	\$17.1
Interest Expense	(11.6)	(9.6)	(8.1)	(10.3)
Net Interest Income	21.2	22.1	14.3	6.8
Gain from Sale of Agency Securities, Net	16.1	9.5	4.8	--
(Loss) Gain from Derivative Instruments, Net	(3.4)	1.3	(0.4)	6.3
Total Other Income, Net	12.7	10.8	4.4	6.3
Management Fee	(1.2)	(0.9)	(0.9)	(0.9)
General and Administrative Expenses	(1.5)	(1.6)	(1.5)	(1.2)
Total Operating Expenses	(2.7)	(2.5)	(2.4)	(2.1)
Net Income	\$31.2	\$30.4	\$16.3	\$11.0
Weighted Average Shares Outstanding – Basic and Diluted	17.2	15.0	15.0	15.0
Net Income per Share – Basic and Diluted	\$1.82	\$2.02	\$1.09	\$0.73
<b>Temporary Book to Tax Differences:</b>				
Premium Amortization, Net	3.1	(0.6)	(0.8)	5.7
Realized (Loss) Gain, Net	(2.1)	--	(1.9)	3.6
Other*	0.2	--	(0.5)	0.4
Estimated REIT Taxable Income	\$32.4	\$29.8	\$13.1	\$20.7
Estimated REIT Taxable Income per Share – Basic and Diluted	\$1.89	\$1.98	\$0.87	\$1.38
Dividends Declared per Share	\$1.40	\$1.50	\$0.85	\$1.20
Estimated Cumulative Undistributed REIT Taxable Income per Share**	\$0.90	\$0.62	\$0.24	\$0.22

Note: Amounts may not foot due to rounding.

\* Other temporary book to tax differences consist of non-deductible adjustments for GAAP ineffectiveness, start-up/organization costs and stock compensation expense.

\*\* Based on shares outstanding as of September 30, 2009.

# Balance Sheets

(\$ in millions, except per share data)	As of			
	9/30/09 (unaudited)	6/30/09 (unaudited)	3/31/09 (unaudited)	12/31/08
Agency Securities, at Fair Value (including pledged assets of \$3,189.8, \$2,535.2, \$2,060.7 and \$1,522.0, respectively)	\$3,438.1	\$2,631.9	\$2,257.5	\$1,573.4
Cash and Cash Equivalents (\$9.7, \$5.2, \$25.2 and \$18.7 restricted, respectively)	113.3	74.4	79.0	74.7
Derivative Assets, at Fair Value	--	3.3	--	--
Receivable for Agency Securities Sold	84.9	73.5	38.1	--
Receivable from Prime Broker	22.7	7.8	--	--
Other Assets	21.1	12.9	10.7	8.2
<b>Total Assets</b>	<b>\$3,680.1</b>	<b>\$2,803.8</b>	<b>\$2,385.3</b>	<b>\$1,656.3</b>
Repurchase Agreements	\$2,949.0	\$2,346.9	\$1,849.5	\$1,346.3
Payable for Agency Securities Purchased	254.3	110.9	207.2	0.0
Derivative Liabilities, at Fair Value	17.5	9.8	24.4	29.3
Dividend Payable	27.1	22.5	12.8	18.0
Other Liabilities	2.7	2.3	2.4	4.5
<b>Total Liabilities</b>	<b>3,250.6</b>	<b>2,492.4</b>	<b>2,096.3</b>	<b>1,398.1</b>
Stockholders' Equity	429.5	311.4	289.0	258.2
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$3,680.1</b>	<b>\$2,803.8</b>	<b>\$2,385.3</b>	<b>\$1,656.3</b>
<b>Leverage *</b>	<b>7.3x</b>	<b>7.7x</b>	<b>7.0x</b>	<b>5.2x</b>
Equity to Agency Securities Portfolio	12.5%	11.8%	12.8%	16.4%
Book Value Per Share	\$22.23	\$20.76	\$19.26	\$17.20