Q2 2013 Stockholder Presentation

July 30, 2013

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

Capital Stock Highlights

American Capital Agency

TYPE / STOCK TICKER:
COMMON STOCK / AGNC

EXCHANGE:
NASDAQ

IPO DATE:
MAY 2008

IPO PRICE:
$20.00 PER SHARE

TOTAL DIVIDENDS PAID SINCE IPO[1]:
$26.16 PER SHARE

NET ASSET VALUE[2]:
$25.51 PER SHARE

TOTAL EQUITY CAPITAL[2]:
$10.1 BILLION

American Capital Agency

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]:
$2.556 PER SHARE

SHARES OUTSTANDING[2]:
6.9 MILLION

1. As of July 26, 2013
2. As of June 30, 2013, net of 8.000% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") aggregate liquidation preference of $173 million

Q2 2013 Highlights

- **$(2.37) Comprehensive Loss per Common Share, Comprised of:**
  - ✓ $4.61 net income per common share
  - ✓ $(6.98) other comprehensive loss ("OCI") per common share
    - Includes net unrealized losses on investments marked-to-market through OCI
- **$1.15 Net Spread and Dollar Roll Income per Common Share [1]**
  - ✓ Includes $0.49 per common share of estimated net carry income (also known as "dollar roll income") associated with purchases of agency mortgage backed securities ("MBS") on a forward-settlement basis through the "to-be-announced" ("TBA") dollar roll market [2]
  - ✓ Includes $0.14 per common share of estimated "catch-up" premium amortization benefit due to change in projected constant prepayment rate ("CPR") estimates
- **$1.04 Estimated Taxable Income per Common Share**
- **$1.05 Dividend Declared per Common Share**
- **$1.07 Estimated Undistributed Taxable Income per Common Share as of June 30, 2013**
  - ✓ Decreased $(0.01) per common share from $1.08 per common share as of Mar 31, 2013, or $(5) million from $430 million as of Mar 31, 2013 to $425 million as of June 30, 2013
- **$25.51 Net Book Value per Common Share as of June 30, 2013**
  - ✓ Decreased $(3.42) per common share, or (11.8)%, from $28.93 per common share as of Mar 31, 2013
  - ✓ Driven primarily by wider spreads in the broader mortgage backed securities market
- **(8.2)% Economic Loss for the Quarter on Common Equity, or (32.9)% Annualized**
  - ✓ Comprised of $1.05 dividend per common share and $(3.42) decrease in net book value per common share

1. Net spread and dollar roll income are non-GAAP measures. Please refer to slides 21 and 32 for a reconciliation and further discussion of non-GAAP measures
2. Dollar roll income is net of short TBAs used for hedging purposes. Dollar roll income excludes the impact of hedges, and is recognized in gain (loss) on derivative instruments and other securities, net

Q2 2013 Other Highlights

- **$91.7 Billion Investment Portfolio as of June 30, 2013**
  - ✓ Includes $14.5 billion net TBA mortgage position as of June 30, 2013
- **8.4x Average "At Risk" Leverage for the Quarter**
  - ✓ 5.9x average leverage for the quarter excluding average net TBA mortgage position
- **8.5x "At Risk" Leverage as of June 30, 2013 (1)**
  - ✓ 7.0x leverage excluding net TBA mortgage position as of June 30, 2013
  - ✓ Approximately 8.0x "at risk" leverage as of July 26, 2013
- **11% Actual Portfolio CPR for the Quarter (2)**
  - ✓ 11% actual portfolio CPR for the month of July 2013 (3)
  - ✓ 7% average projected portfolio life CPR as of June 30, 2013
  - ✓ Excludes TBA mortgage position
- **1.86% Annualized Net Interest Rate Spread and TBA Dollar Roll Income for the Quarter (4)**
  - ✓ Includes 37 bps of estimated TBA dollar roll income
  - ✓ Includes 29 bps of "catch-up" premium amortization benefit due to change in projected CPR estimates
- **1.59% Net Interest Rate Spread and TBA Dollar Roll Income as of June 30, 2013 (4)(5)**
  - ✓ 1.24% excluding net TBA mortgage position as of June 30, 2013
- **0.3 Million Shares of Common Stock Repurchased During the Second Quarter**

1. "At risk" leverage calculated as sum of agency repurchase agreements, net payable/receivable for agency securities not yet settled, other debt and net TBA position divided by total stockholders' equity. Excludes U.S. Treasury repurchase agreements of $2.1 billion as of June 30, 2013
2. Actual weighted average monthly annualized CPR published during Apr, May and June 2013 for agency securities held as of the preceding month-end
3. Actual weighted average 1 month annualized CPR published during July 2013 for agency securities held as of June 30, 2013
4. Net interest rate spread calculated as the average asset yield, less average agency MBS cost of funds. Average cost of funds includes agency MBS repo, other debt and periodic swap interest costs. Net interest rate spread and cost of funds exclude other supplemental hedges, such as swaptions, net treasury securities and short TBA positions
5. Incorporates the impact of forward starting interest rate swap agreements starting within 90 days of June 30, 2013, net of scheduled expirations

Market Information

Agency MBS have underperformed swaps and treasuries recently as market participants positioned for higher rates and the possibility that the Federal Reserve ("FED") may begin to taper its asset purchase program

Security	9/30/12	12/31/12	3/31/13	6/30/13	Q2 2013 Δ
Treasury Rates					
2 Yr UST	0.23%	0.25%	0.24%	0.36%	+0.12%
5 Yr UST	0.63%	0.72%	0.77%	1.39%	+0.62%
10 Yr UST	1.63%	1.76%	1.85%	2.49%	+0.64%
30 Year Fixed Rate Mortgages					
3.00%	105.58	104.84	103.11	97.72	-5.39
3.50%	107.25	106.66	105.58	101.50	-4.08
4.00%	107.75	107.22	106.61	104.16	-2.45
4.50%	108.25	108.03	107.73	105.82	-1.91
5.00%	109.06	108.33	108.34	107.65	-0.69
5.50%	109.63	108.64	109.08	108.65	-0.43
6.00%	110.44	109.22	109.56	108.78	-0.78

Security	9/30/12	12/31/12	3/31/13	6/30/13	Q2 2013 Δ
Swap Rates					
2 Yr Swap	0.37%	0.39%	0.42%	0.51%	+0.09%
5 Yr Swap	0.76%	0.86%	0.95%	1.57%	+0.62%
10 Yr Swap	1.70%	1.84%	2.01%	2.70%	+0.69%
15 Year Fixed Rate Mortgages					
2.50%	105.13	104.61	103.75	100.45	-3.30
3.00%	106.00	105.61	105.17	102.82	-2.35
3.50%	106.41	106.14	106.03	104.20	-1.83
4.00%	106.91	107.00	107.00	105.32	-1.68
4.50%	107.84	107.55	107.67	106.00	-1.67

Source: Bloomberg and dealer indications

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

Specified Pool Pay-Ups Since QE3

The price pay-up for prepay protected MBS fell in the second quarter as rates increased and investor sentiment continued to shift toward greater "up rate" protection

Specified Pool Price vs. Generic TBA Price

Coupon	Pre-QE3 9/12/2012	12/31/2012	3/31/2013	Pay-Up Δ Q1 2013	6/30/2013	Pay-Up Δ Q2 2013	Total Price Δ Q2 2013 [1]
30 Year Lower Loan Balance Pay-Ups ($85 K - $110 K Loan Balance)							
3.0%	+0.13	+0.69	+0.13	-0.56	+0.00	-0.13	-5.52
3.5%	+1.19	+1.64	+0.91	-0.73	+0.22	-0.69	-4.77
4.0%	+3.00	+4.19	+3.28	-0.91	+0.91	-2.37	-4.82
30 Year HARP Pay-Ups (95 - 100 LTV)							
3.0%	+0.19	+0.47	+0.07	-0.40	+0.00	-0.07	-5.46
3.5%	+1.36	+1.52	+0.70	-0.82	+0.16	-0.54	-4.62
4.0%	+3.08	+4.06	+2.85	-1.21	+0.59	-2.26	-4.71

- **During the second quarter, higher coupon specified pool pay-ups underperformed while lower coupon pay-ups performed more in line with expectations than in Q1 2013**
- **Pay-up risk on our portfolio going forward is minimal given the absolute price differential between prepay protected collateral and TBA securities**
  - ✓ Sold approximately $6 billion 30-year 4.0% specified pools at an average pay-up of close to 2 points above the generic TBA price during the second quarter
  - ✓ The weighted average pay-up on our fixed-rate MBS portfolio, inclusive of TBAs, as of June 30, 2013 was approximately 0.24% [2]

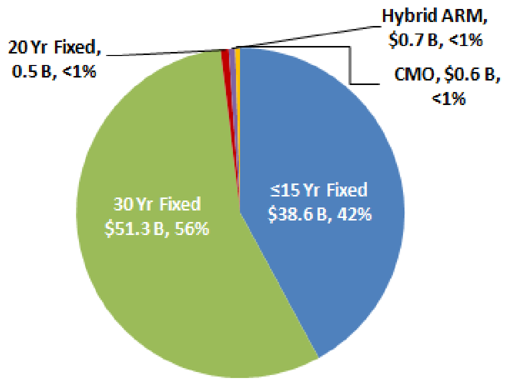
Source: Bloomberg and dealer indications

Note: "Pay-ups" represent the value of the price premium of specified securities over generic TBA pools. The table above includes pay-ups for newly originated specified pools.

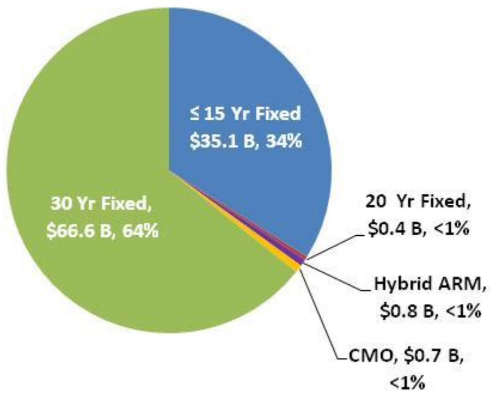
1. Price information is provided for information only and is not meant to be reflective of securities held by AGNC. Prices can vary materially depending on the source. Represents the sum of Q2 2013 price change from prior slide for same coupon 30-year fixed-rate MBS plus specified pool price change included in table above for Q2 2013.
2. Excludes approximately $4 billion of MBS which are not deliverable into TBA contracts

Q2 2013 Portfolio Update

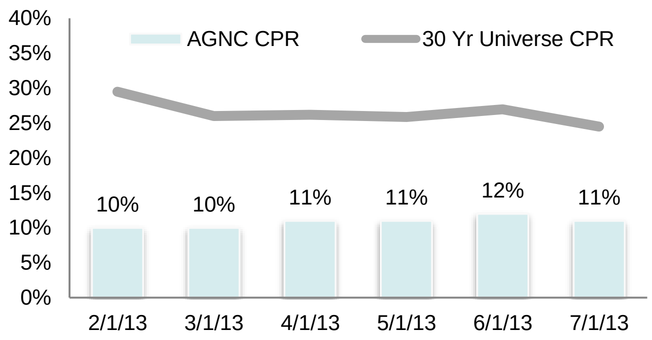
As of 6/30/13
$91.7 B Portfolio MBS ($77.2B, 84%) & Net TBA Portfolio ($14.5 B, 16%)



As of 3/31/13
$103.6 B Portfolio MBS ($76.3B, 74%) & Net TBA Portfolio ($27.3 B, 26%)



AGNC Actual CPR [1][2]



≤ 15 Year - $38.6 B Portfolio (42% of Total) as of 6/30/13

($ In Millions)	FMV	%	Coupon	WALA [5]	Jul'13 1 M Actual CPR [1]	Life Forecast CPR [6]
Lower Loan Bal [3]	$15,808	41%	3.48%	24	15%	9%
HARP [4]	1,844	5%	3.16%	16	13%	7%
Other 2009-2013	13,720	35%	2.62%	7	7%	6%
Other (Pre 2009)	28	0%	4.64%	93	9%	13%
≤15 Year MBS	**$31,400**	**81%**	**3.08%**	**16**	**11%**	**8%**
TBA	**$7,224**	**19%**	**3.08%**	**N/A**	**N/A**	**N/A**
Total ≤15 Year	**$38,624**	**100%**	**3.08%**	**N/A**	**N/A**	**N/A**

30 Year - $51.3 B Portfolio (56% of Total) as of 6/30/13

($ In Millions)	FMV	%	Coupon	WALA [5]	Jul'13 1 M Actual CPR [1]	Life Forecast CPR [6]
Lower Loan Bal [3]	$13,513	26%	3.74%	18	10%	6%
HARP [4]	24,246	48%	3.79%	15	10%	6%
Other 2009-2013	5,999	12%	3.39%	10	8%	5%
Other (Pre 2009)	297	0%	5.59%	95	27%	22%
30 Year MBS	**$44,055**	**86%**	**3.73%**	**15**	**10%**	**6%**
TBA [7]	**$7,289**	**14%**	**3.27%**	**N/A**	**N/A**	**N/A**
Total 30 Year	**$51,344**	**100%**	**3.66%**	**N/A**	**N/A**	**N/A**

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. "30 Yr Universe" represents Fannie Mae 30-year fixed rate universe
3. Lower loan balance defined as pools backed by original loan balance of up to $150 K. Wtd/avg original loan balance of $98 K for 15-year and $96 K for 30-year securities as of June 30, 2013
4. HARP defined as pools backed by 100% refinance loans with original LTVs ≥ 80%. Wtd/avg original LTV of 95% for 15-year and 103% for 30-year securities as of June 30, 2013. Includes $0.2 B and $3.3 B of 15-year and 30-year securities with >105 LTV pools, which are not deliverable into TBA securities.
5. WALA represents the weighted average loan age presented in months
6. Average projected life CPR as of June 30, 2013
7. Includes $1.9 B of forward settling sales of specified pools as of June 30, 2013

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Asset Composition & Risk

15-year mortgages materially reduce the aggregate exposure of an agency MBS portfolio

- **The "spread duration", or price sensitivity to changes in MBS spreads relative to other benchmark interest rates such as treasuries and swaps, is considerably shorter for 15-year MBS than 30-year MBS**
  - ✓ Approximately 2/3rds the sensitivity to equal amounts of spread widening for 15-year vs. 30-year MBS in the current market environment, for example 4.6 years for 15-year 3.0% MBS vs. 6.8 years for 30-year 3.5% MBS
- **A portfolio of 15-year MBS with 9.0x leverage should have similar price exposure to 25 bps of spread widening as a 30-year MBS portfolio with 6.0x leverage in the current market environment**

NAV Sensitivity to a +25 BPS Change in Spreads
Spread Duration 25 bps adjusted for assumed leverage* (1)

Leverage	6.0x	7.0x	8.0x	9.0x
30-Year FNMA 3.5%	-12%	-14%	-15%	-17%
15-Year FNMA 3.0%	-8%	-9%	-10%	-12%

- **15-year MBS also:**
  - ✓ Are easier to hedge than 30-year MBS, since they are less sensitive to changes in interest rates
  - ✓ Shorten in duration much more quickly than 30-year MBS as they season
  - ✓ Trade in a liquid TBA market, benefits from FED involvement, often have favorable dollar roll financing and prices are readily observable
- **42% of our portfolio was comprised of 15-year MBS as of June 30, 2013, compared to 34% as of Mar 31, 2013**

1. Hypothetical example for illustration purposes only. NAV sensitivity 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. Hypothetical example based on a 5 WALA (weighted average loan age presented in months) for 3.5% 30-year MBS and a 10 WALA for 3.0% 15-year MBS and a spread duration of 6.8 and 4.6 years, respectively.

Financing Summary

Access to repo funding remained stable throughout the quarter

- Average repo cost decreased to 0.45% as of June 30, 2013 from 0.47% as of Mar 31, 2013
- No material change to repo capacity during the quarter
- Repo counterparties totaled 33 as of June 30, 2013
- Weighted average "haircut" of 4.8%, unchanged from prior quarter

AGNC Repos [1]
As of June 30, 2013 - $ in millions

Original Maturity	Repo Outstanding %	Repo Outstanding $	Interest Rate	Remaining Days to Maturity	Original Days to Maturity
≤ 1 Month	8%	$6,128	0.38%	17	29
> 1 to ≤ 3 Months	40%	28,216	0.40%	32	70
> 3 to ≤ 6 Months	23%	16,171	0.42%	57	113
> 6 to ≤ 9 Months	8%	5,730	0.48%	123	206
> 9 to ≤ 12 Months	12%	8,365	0.54%	193	335
> 12 to ≤ 24 Months	4%	2,542	0.60%	453	633
> 24 to ≤ 36 Months	4%	2,565	0.65%	784	1,013
> 36 Months	1%	602	0.70%	1,652	1,760
Total / Wtd Avg	**100%**	**$70,319**	**0.45%**	**119**	**188**
As of Mar 31, 2013					
Total / Wtd Avg	100%	$66,260	0.47%	118	183

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1. Amounts in table represent the weighted average for each group. Table excludes repurchase agreements of $2.1 billion associated with U.S. Treasury positions as of June 30, 2013 and excludes $0.8 B and $0.9 B of other debt in connection with the consolidation of VIEs under GAAP as of June 30, 2013 and Mar 31, 2013, respectively.

Hedging Summary

Our hedges are designed to mitigate book value fluctuations due to interest rate changes. Our hedges are not designed to protect against market value fluctuations in our assets caused by changes in the spread between our investments and other benchmark rates such as swap and treasury rates. Therefore, the risk of adverse spread changes is inherent to our business.[(1)]

- **The combination of swaps, swaptions and treasuries totaled $89 billion and covered 101% of our repo, other debt and net TBA position as of June 30, 2013**
  - ✓ **Interest Rate Swaps**
    - $55.7 B notional pay fixed swaps
    - 4.7 year average duration
    - Covers 63% of repo, other debt and net TBA position
    - Gained $1.3 billion in Q2, or 11% of NAV
  - ✓ **Treasuries**
    - $9.3 B net short treasury position market value
    - 8.6 year average duration
    - Covers 11% of repo, other debt and net TBA position
    - Gained $0.4 billion in Q2, or 4% of NAV
  - ✓ **Interest Rate Swaptions**
    - $23.8 B notional payer swaptions
    - 3.9 year average duration
    - Covers 27% of repo, other debt and net TBA position
    - Gained $0.5 billion in Q2, or 4% of NAV

Hedge Portfolio Summary
As of June 30, 2013 - $ in millions

	Market/ Notional Value 6/30/2013	Duration 6/30/2013	Net Hedge Gains Q2 2013 [(2)]	Net Hedge Gains Per Share Q2 2013
Swaps	$(55,650)	(4.7)	$1,288	$3.25
Treasuries	$(9,335)	(8.6)	$427	$1.08
Swaptions	$(23,750)	(3.9)	$454	$1.15
Total / Q2 2013	$(88,735)	(4.9)	$2,169	$5.47
As of Mar 31, 2013 / Q1 2013				
Total / Q1 2013	$(87,754)	(4.2)	$125	$0.35

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1. The amount of interest rate protection provided by our hedge portfolio may vary considerably based on management judgment, asset composition and general market conditions
2. Net hedge gains exclude periodic swap costs (a component of net spread income) , TBA dollar roll income and gains/losses on our net TBA position reported in gain (loss) on derivative instruments and other securities, net. Net hedge gains include unrealized gains on interest swaps reported in other comprehensive income.

Managing Mortgage Extension Risk (1)

A significant portion of the extension risk inherent in our mortgage portfolio is mitigated by our hedges and, in particular, our swaptions

Duration Gap Sensitivity (2)(3)
As of June 30, 2013

	Duration 6/30/2013	Rates Up 100 Bps	Rates Up 200 Bps
Mortgage Assets:			
30-Year MBS	6.5	7.4	7.6
15-Year MBS	4.4	4.8	4.9
Total Mortgage Assets	**5.6**	**6.3**	**6.4**
Liabilities, Swaps and Treasuries	(4.0)	(4.0)	(4.0)
Net Duration Gap without Swaptions	**1.5**	**2.3**	**2.4**
Swaptions	(1.0)	(1.6)	(1.7)
Net Duration Gap with Swaptions	**0.6**	**0.7**	**0.7**
As of April 30, 2013			
Net Duration Gap with Swaptions	(0.2)	1.2	1.8

- **In a 200 bps rising interest rate scenario, most of the extension risk in our assets should be offset by the natural extension of our swaption portfolio**
- **Ongoing portfolio rebalancing actions should allow us to further mitigate our interest rate risk exposure**

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 expressed in asset units
3. The estimated duration gap sensitivity included in the table above 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. The sensitivity analysis assumes an instantaneous change in interest rates and, consequently, does not include the potential impact of ongoing portfolio rebalancing actions

NAV Sensitivity to Rates and MBS Spreads

Both changes in interest rates and changes to MBS spreads relative to treasury and swap rates can impact the market value of our equity

♦ Interest Rate Sensitivity

- ✓ The estimated change as a % of NAV includes the impact of leverage and incorporates the dual effects of both duration and convexity
- ✓ The estimated change in the market value of our asset portfolio, net of hedges, is based on model predictions as of June 30, 2013 and assumes that no portfolio rebalancing actions are taken

Interest Rate Sensitivity (1)
As of June 30, 2013
(based on instantaneous parallel shift in interest rates)

Interest Rate Shock (bps)	Estimated Change in Portfolio Market Value (2)	Estimated Change as a % of NAV
-100	0.0%	-0.2%
-50	0.2%	1.8%
+50	-0.3%	-2.8%
+100	-0.7%	-5.9%

♦ MBS Spread Sensitivity (“Basis Risk”)

- ✓ The MBS spread sensitivity is a model estimation of the sensitivity of our assets to changes in MBS spreads
- ✓ Table assumes a spread duration of 5.7 years, which is based on interest rates and MBS prices as of June 30, 2013
- ✓ The spread sensitivity is also sensitive to interest rates and increases as interest rates rise and prepayments slow
- ✓ The estimated change as a % of NAV includes the impact of leverage

MBS Spread Sensitivity (“Basis Risk”) (1)
As of June 30, 2013

MBS Spread Shock (bps)	Estimated Change in Portfolio Market Value (2)	Estimated Change as a % of NAV
-25	1.4%	13%
-10	0.6%	5%
+10	-0.6%	-5%
+25	-1.4%	-13%

1. Interest rate and MBS spread sensitivity 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. Please also refer to slides 30 and 31 for additional information.
2. Estimated dollar change in value expressed as a percent of the total market value of “at risk” assets

AGNC is Positioned for the Current Heightened Volatility

- **Asset Composition:**
  - ✓ Over 40% of the portfolio is comprised of 15-year mortgages
  - ✓ Pay-up risk is no longer significant
    - Weighted average pay-up of approximately 0.24% as of June 30, 2013
    - If pay-ups go to zero, book value impact would be less than 2.5%
    - Less than 5% of our fixed-rate MBS are non-deliverable into TBAs

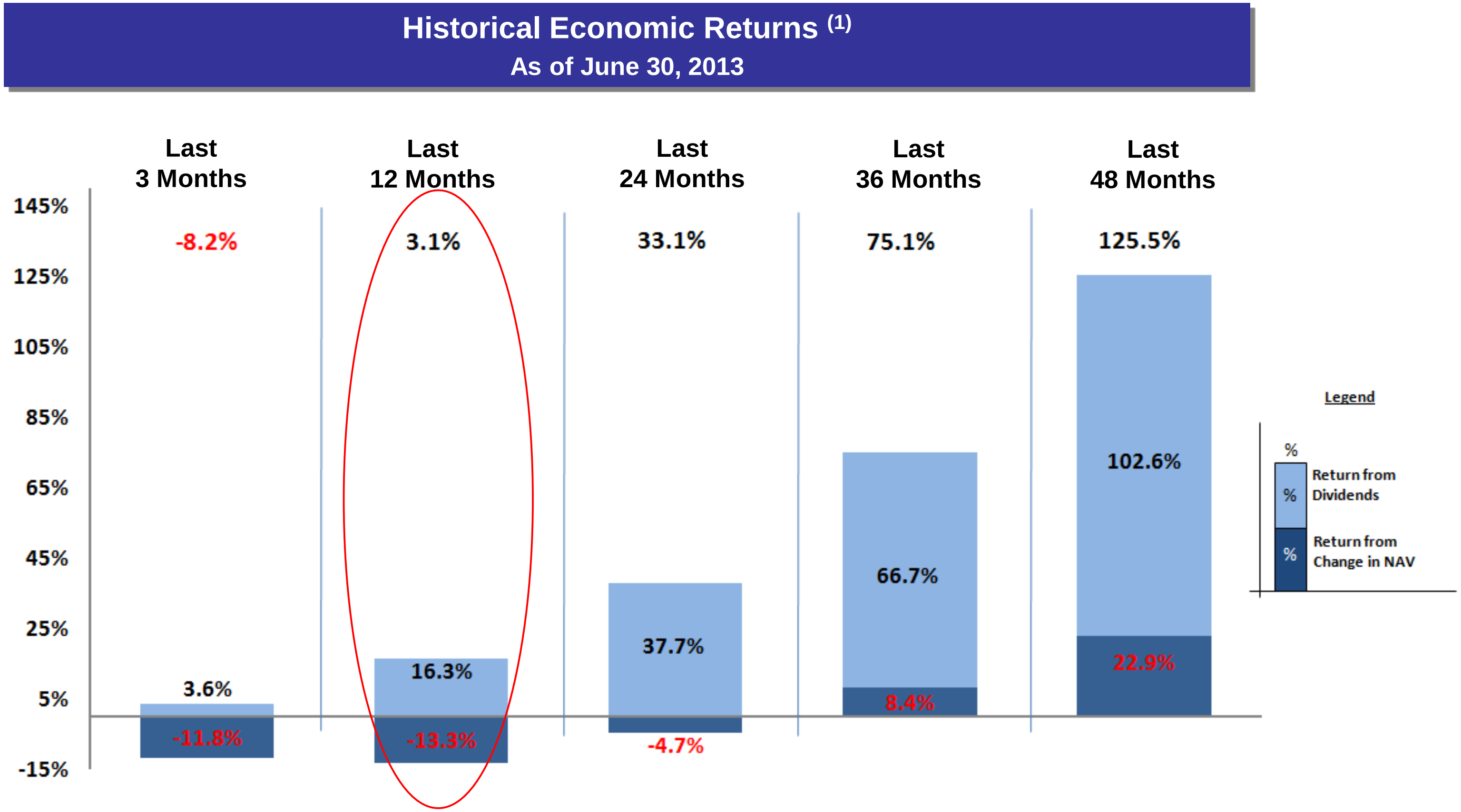
- **Leverage:**
  - ✓ "At risk" leverage of 8.5x as of June 30, 2013
  - ✓ Current "at risk" leverage is around 8.0x (1)

- **Interest Rate Risk:**
  - ✓ Duration gap remains under 1 year even with 200 bps increase in interest rates and no further rebalancing
  - ✓ Notional amount of hedges is 101% of our repo, other debt and net TBA positions and exceeds 95% of the UPB of our asset portfolio as of June 30, 2013 (2)
  - ✓ Almost 20% of the duration of our hedges comes from swaptions, which will naturally adjust with rate moves in either direction

1. Based on our management's estimate of "at risk" leverage as of July 26, 2013. There are several inputs that impact the determination of our "at risk" leverage, therefore, actual results could differ materially.
2. "UPB" represents the unamortized principal balance (or par value) of our mortgage assets. Includes net TBA position.

Historical Economic Return

- Despite very difficult market conditions during the first half of 2013, our total economic return on common equity for the past 12 months was positive 3.1% as of June 30, 2013

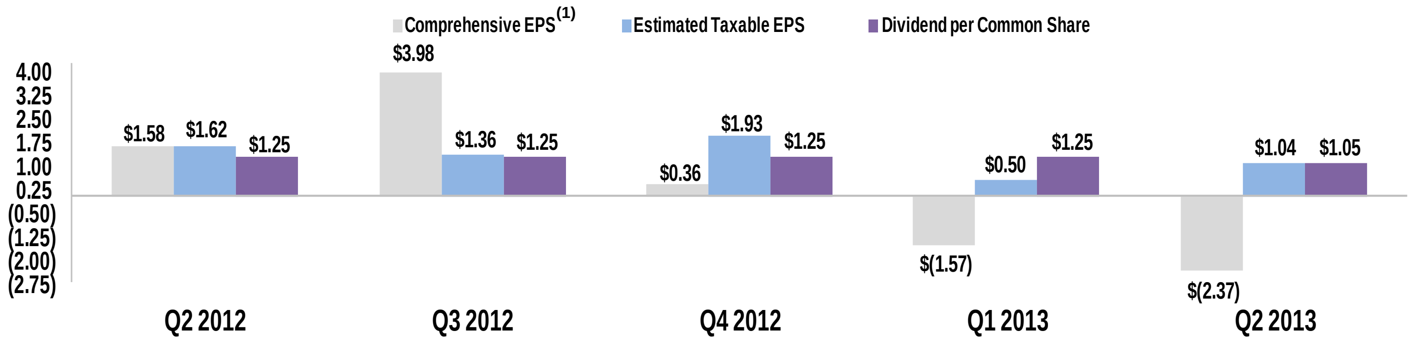


1. Economic return on common equity represents the sum of the change in net asset value per common share and dividends declared on common stock during the period over the beginning net asset value per common share.

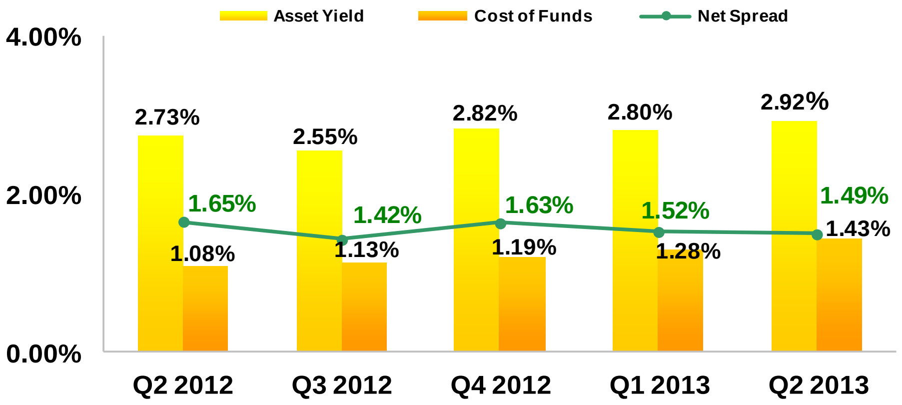
Supplemental Slides

AGNC Historical Overview

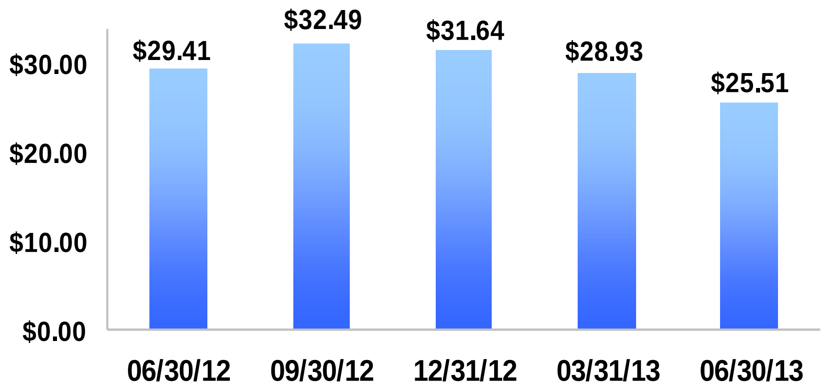
Earnings and Dividends per Common Share



Net Spread (2)



Net Book Value Per Common Share (3)

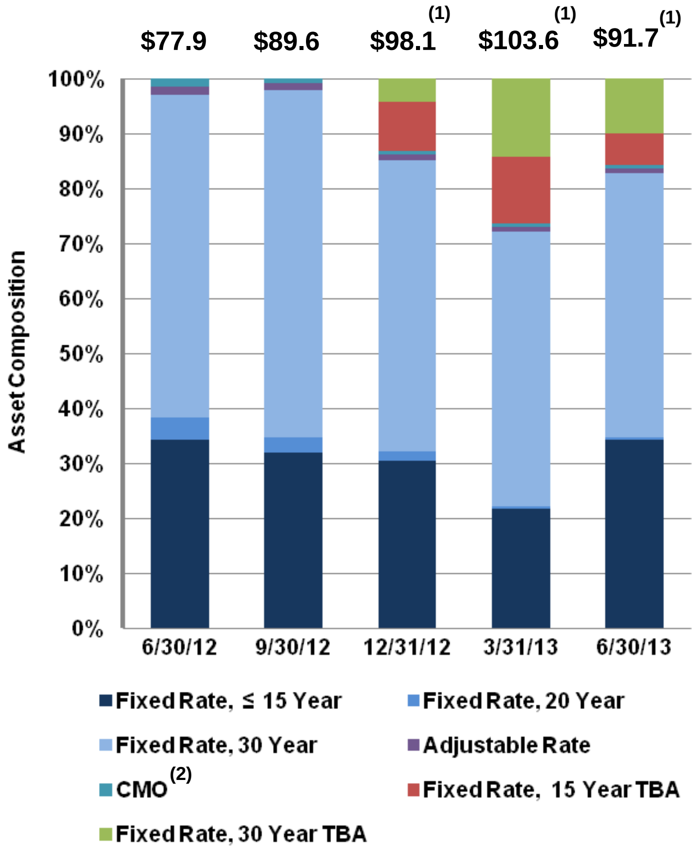


1. Comprehensive earnings per common share is a GAAP measure that consists of net income (loss) per common share plus unrealized gains/losses on agency MBS and designated hedges per common share recognized in other comprehensive income, a separate component of equity
2. Represents average per quarter, excludes net carry income from the Company's TBA mortgage portfolio and other supplemental hedge costs such as swaption, short treasury and short TBA costs
3. Net book value per common share calculated as total shareholders' equity, less the Series A Preferred Stock liquidation preference, divided by total common shares outstanding

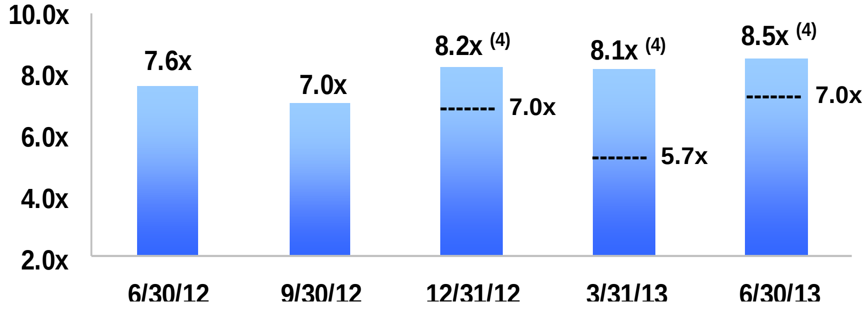
AGNC Historical Overview

Investment Portfolio

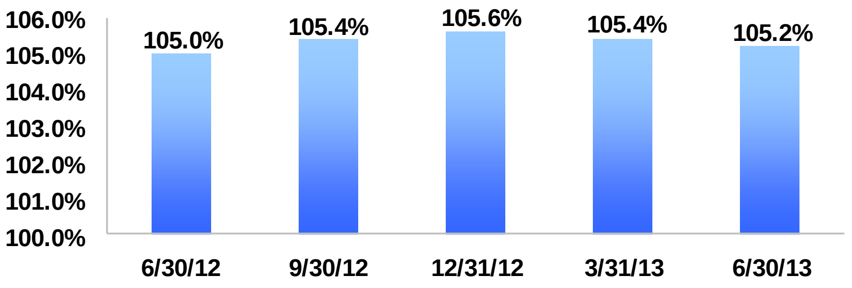
($ in billions)



Leverage (3)



Amortized Cost Basis



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1. Amounts include the impact of the Company’s net TBA mortgage position
2. Includes interest-only, inverse interest-only and principal-only securities
3. Leverage calculated as sum of agency MBS repurchase agreements, net payable/receivable for agency MBS not yet settled and other debt divided by total stockholders’ equity. Leverage excludes U.S. Treasury repurchase agreements of $2.1 billion as of June 30, 2013.
4. Includes implied leverage from TBA mortgage position

Balance Sheets

($ in millions, except per share data)	As of (1) 6/30/13	3/31/13	12/31/12	9/30/12	6/30/12
Agency Securities, at Fair Value	$75,926	$74,874	$83,710	$88,020	$76,378
Agency Securities Transferred to Consolidated Variable Interest Entities, at Fair Value	1,281	1,421	1,535	1,620	1,544
U.S. Treasury Securities	3,671	--	--	--	--
Cash and Cash Equivalents	2,923	2,826	2,430	2,569	2,099
Restricted Cash	1,216	499	399	369	302
Derivative Assets, at Fair Value	1,876	480	301	292	64
Receivable for Securities Sold	2,070	734	--	2,326	2,877
Receivable under Reverse Repurchase Agreements	9,430	12,291	11,818	6,712	1,274
Other Assets	270	244	260	269	244
Total Assets	**$98,663**	**$93,369**	**$100,453**	**$102,177**	**$84,782**
Repurchase Agreements	$72,451	$66,260	$74,478	$79,254	$69,540
Debt of Consolidated Variable Interest Entities, at Fair Value	783	862	937	1,008	954
Payable for Securities Purchased	3,167	259	556	1,311	2,198
Derivative Liabilities, at Fair Value	1,544	1,217	1,264	1,562	1,250
Dividends Payable	420	499	427	430	384
Obligation to Return Securities Borrowed under Reverse Repurchase Agreements, at Fair Value	9,931	12,548	11,763	7,265	1,269
Accounts Payable and Other Accrued Liabilities	87	82	132	74	51
Total Liabilities	**88,383**	**81,727**	**89,557**	**90,904**	**75,646**
Preferred Equity at Aggregate Liquidation Preference	173	173	173	173	173
Common Equity	10,107	11,469	10,723	11,100	8,963
Total Stockholders' Equity	**10,280**	**11,642**	**10,896**	**11,273**	**9,136**
Total Liabilities and Stockholders' Equity	**$98,663**	**$93,369**	**$100,453**	**$102,177**	**$84,782**
Leverage (2)	**7.0x**	**5.7x**	**7.0x**	**7.0x**	**7.6x**
Net Book Value Per Common Share (3)	**$25.51**	**$28.93**	**$31.64**	**$32.49**	**$29.41**

American Capital Agency

1. Unaudited except for 12/31/2012
2. Leverage calculated as sum of (i) agency MBS repurchase agreements, (ii) the net payable/receivable for agency MBS not yet settled and (ii) other debt divided by total stockholders' equity. Leverage excludes U.S. Treasury repurchase agreements of $2.1 billion as of June 30, 2013.
3. Net book value per common share calculated as stockholders' equity, less the Series A Preferred Stock liquidation preference, divided by total common shares outstanding

Income Statements

($ in millions, except per share data) (Unaudited)	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Interest Income	$545	$547	$570	$520	$504
Interest Expense	(131)	(140)	(147)	(139)	(120)
Net Interest Income	**414**	**407**	**423**	**381**	**384**
Gain (Loss) on Sale of Agency Securities, Net	17	(26)	353	210	417
Gain (Loss) on Derivative Instruments and Other Securities, Net	1,444	(98)	89	(460)	(1,029)
Total Other Income (Loss), Net	**1,461**	**(124)**	**442**	**(250)**	**(612)**
Management Fee	(37)	(33)	(31)	(32)	(28)
General and Administrative Expenses	(9)	(9)	(9)	(8)	(8)
Total Operating Expenses	**(46)**	**(42)**	**(40)**	**(40)**	**(36)**
Income (Loss) before Income Tax (Provision) Benefit	1,829	241	825	91	(264)
Income Tax (Provision) Benefit, Net	--	(10)	(15)	(5)	3
Net Income (Loss)	**1,829**	**231**	**810**	**86**	**(261)**
Dividend on Preferred Stock	(3)	(3)	(3)	(3)	(3)
Net Income (Loss) Available (Attributable) to Common Shareholders	**$1,826**	**$228**	**$807**	**$83**	**$(264)**
Net Income (Loss)	**$1,829**	**$231**	**$810**	**$86**	**$(261)**
Unrealized (Loss) Gain on Available-for-Sale Securities, Net	(2,813)	(837)	(734)	1,190	689
Unrealized Gain on Derivative Instruments, Net	48	49	50	51	52
Other Comprehensive (Loss) Income	**(2,765)**	**(788)**	**(684)**	**1,241**	**741**
Comprehensive (Loss) Income	**(936)**	**(557)**	**126**	**1,327**	**480**
Dividend on Preferred Stock	(3)	(3)	(3)	(3)	(3)
Comprehensive (Loss) Income (Attributable) Available to Common Shareholders	**$(939)**	**$(560)**	**$123**	**$1,324**	**$477**
Weighted Average Common Shares Outstanding – Basic and Diluted	**396.4**	**356.2**	**340.3**	**332.8**	**301.0**
Net Income (Loss) per Common Share	**$4.61**	**$0.64**	**$2.37**	**$0.25**	**($0.88)**
Comprehensive (Loss) Income per Common Share	**$(2.37)**	**$(1.57)**	**$0.36**	**$3.98**	**$1.58**
Estimated REIT Taxable Income per Common Share	**$1.04**	**$0.50**	**$1.93**	**$1.36**	**$1.62**
Dividends Declared per Common Share	**$1.05**	**$1.25**	**$1.25**	**$1.25**	**$1.25**

Note: Amounts may not total due to rounding

Reconciliation of GAAP Net Interest Income to Net Spread and Dollar Income [(1)]

($ in millions, except per share data) (Unaudited)	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Interest Income	**$545**	**$547**	**$570**	**$520**	**$504**
Interest Expense:					
Repurchase Agreements and Other Debt	(83)	(91)	(97)	(88)	(68)
Interest Rate Swap Periodic Costs [(2)]	(48)	(49)	(50)	(51)	(52)
Total Interest Expense	**(131)**	**(140)**	**(147)**	**(139)**	**(120)**
Net Interest Income	**414**	**407**	**423**	**381**	**384**
Other Interest Rate Swap Periodic Costs [(3)]	(105)	(84)	(77)	(74)	(62)
Adjusted Net Interest Income	**309**	**323**	**346**	**307**	**322**
Total Operating Expenses	**(46)**	**(42)**	**(40)**	**(40)**	**(36)**
Net Spread Income	**263**	**281**	**306**	**267**	**286**
Dividend on Preferred Stock	(3)	(3)	(3)	(3)	(3)
Net Spread Income Available to Common Shareholders	**260**	**278**	**303**	**264**	**283**
TBA Dollar Roll Income	**195**	**142**	**98**	**--**	**--**
Net Spread and Dollar Roll Income Available to Common Shareholders	**$455**	**$420**	**$401**	**$264**	**$283**
Weighted Average Common Shares Outstanding – Basic and Diluted	**396.4**	**356.2**	**340.3**	**332.8**	**301.0**
Net Spread Income per Common Share	**$0.66**	**$0.78**	**$0.89**	**$0.79**	**$0.94**
Net Spread and Dollar Roll Income per Common Share	**$1.15**	**$1.18**	**$1.18**	**$0.79**	**$0.94**

Note: Amounts may not total due to rounding

1. Table includes non-GAAP financial measures. Please refer to additional information regarding non-GAAP financial measures at the end of this presentation
2. Voluntarily discontinued hedge accounting under GAAP as of Sept 30, 2011. Accumulated OCI on de-designated interest rate swaps is being amortized on a straight-line basis over the remaining swap terms into interest expense. All other periodic interest costs, termination fees and mark-to-market adjustments associated with interest rate swaps are reported in other income (loss), net pursuant to GAAP
3. Other interest rate swap periodic costs represent periodic interest costs on the Company's interest rate swap portfolio in excess of amortized amounts reclassified from accumulated OCI into interest expense. Other interest rate swap periodic costs excludes interest rate swap termination fees and mark-to-market adjustments on interest rate swaps

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

($ in millions, except per share data) (Unaudited)	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Net Income (Loss)	**$1,829**	**$231**	**$810**	**$86**	**($261)**
Book to Tax Differences:					
Premium Amortization, Net	(75)	(34)	(19)	55	43
Realized (Gain) Loss , Net	(15)	(53)	(16)	167	54
Unrealized (Gain) Loss , Net	(1,324)	30	(121)	128	647
Other [2]	(1)	6	6	20	9
Total Book to Tax Differences	**(1,415)**	**(51)**	**(150)**	**370**	**753**
Estimated REIT Taxable Income	**$414**	**$180**	**$660**	**$456**	**$492**
Dividend on Preferred Stock	(3)	(3)	(3)	(3)	(3)
Estimated REIT Taxable Income Available to Common Shareholders	**$411**	**$177**	**$657**	**$453**	**$489**
Weighted Average Common Shares Outstanding – Basic and Diluted	**396.4**	**356.2**	**340.3**	**332.8**	**301.0**
Estimated REIT Taxable Income per Common Share	**$1.04**	**$0.50**	**$1.93**	**$1.36**	**$1.62**
Estimated Cumulative Undistributed REIT Taxable Income per Common Share [3]	**$1.07**	**$1.08**	**$2.21**	**$1.52**	**$1.61**

Note: Amounts may not total due to rounding

1. Table includes non-GAAP financial measures. Please refer to additional information regarding non-GAAP financial measures at the end of this presentation
2. Other book to tax differences include GAAP net income/loss of wholly-owned taxable REIT subsidiary, net of corporate income tax and dividend distributions; permanent difference for non-deductible excise tax expense; and other temporary differences for non-deductible adjustments
3. Estimated undistributed taxable income per common share is net of common and preferred dividends declared during the quarter, without adjustment for timing of deductibility of preferred dividends or for preferred dividends not yet declared on the Company's Series A Preferred Stock, divided by total common shares outstanding

Net Book Value Roll Forward

(In millions, except per share data) (Unaudited)	Balance	Common Shares Outstanding	Net Book Value per Common Share
Mar 31, 2013 Net Common Equity [1]	**$11,469**	**396.5**	**$28.93**
Net Income	1,829		
Other Comprehensive Loss	(2,765)		
Dividend on Common Stock	(417)		
Dividend on Preferred Stock	(3)		
Repurchase of Common Stock	(7)	(0.3)	$25.44
June 30, 2013 Net Common Equity [1]	**$10,107**	**396.2**	**$25.51**

Note: Amounts may not total due to rounding

1. Net common equity represents stockholders' equity net of the Company's Series A Preferred Stock liquidation preference of $25 per preferred share (or $173 million)

Business Economics

(unaudited)	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Asset Yield [1]	2.92%	2.80%	2.82%	2.55%
Cost of Funds [2]	(1.43)%	(1.28)%	(1.19)%	(1.13)%
Net Interest Rate Spread	**1.49%**	**1.52%**	**1.63%**	**1.42%**
Leverage [3]	**5.9x**	**6.5x**	**6.7x**	**7.1x**
Leveraged Net Interest Rate Spread	8.72%	9.88%	10.87%	10.12%
Plus Asset Yield	2.91%	2.80%	2.82%	2.55%
Gross Return on Equity (“ROE”) Before Expenses and Other Income	**11.63%**	**12.68%**	**13.69%**	**12.67%**
Management Fees as a % of Equity	(1.33)%	(1.25)%	(1.10)%	(1.19)%
Other Operating Expenses as a % of Equity	(0.33)%	(0.34)%	(0.32)%	(0.31)%
Total Operating Expenses as a % of Equity	**(1.66)%**	**(1.59)%**	**(1.42)%**	**(1.50)%**
Net Spread Income ROE	**9.97%**	**11.09%**	**12.27%**	**11.16%**
Other Miscellaneous [4]	(0.59)%	(0.60)%	(1.40)%	(1.17)%
Realized Other Income/(Loss), Net of Tax	8.66%	(0.85)%	13.30%	(1.80)%
Unrealized Other Income/(Loss)	47.14%	(1.00)%	4.58%	(4.95)%
Net Income ROE	**65.18%**	**8.64%**	**28.75%**	**3.24%**
Other Comprehensive (Loss)/Income	(98.53)%	(29.49)%	(24.28)%	46.45%
Comprehensive (Loss)/Income ROE	**(33.35)%**	**(20.85)%**	**4.47%**	**49.69%**
Comprehensive (Loss)/Return on Preferred Equity in Excess of Preferred Dividend	(0.64)%	(0.47)%	(0.05)%	0.69%
Net Comprehensive (Loss)/Income ROE (Attributable) Available to Common Shareholders	**(33.99)%**	**(21.31)%**	**4.42%**	**50.38%**

1. Asset yield excludes net carry income on our TBA dollar roll position of 2.70%, 3.18% and 2.99% for Q2 2013, Q1 2013 and Q4 2012, respectively
2. Cost of funds includes repo interest and periodic swap costs as a percentage of our repo balance. Cost of funds excludes swap termination fees and costs associated with supplemental hedges such as swaptions, short treasury and short TBA positions.
3. Our total average “at risk” leverage, including our net TBA position, was 8.4x, 8.2x and 7.8x for Q2 2013, Q1 2013 and Q4 2012, respectively.
4. 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, cash and cash equivalents, restricted cash, other non investment assets and liabilities, and other immaterial rounding differences

Fixed Rate Agency Securities and Net TBA Portfolio

$ in millions - as of June 30, 2013

MBS Coupon [1]	Par Value	Market Value	% Lower Loan Balance / HARP [2][3]	Amortized Cost Basis	Average WAC [4][5]	Average Age (Months) [4]	Actual 1 Month CPR [4][6]	Duration [7]
≤15 YR Mortgage Securities								
≤ 2.5%	$16,459	$16,566	22%	103.6%	2.95%	5	4%	5.0
3.0%	6,672	6,875	26%	103.6%	3.46%	17	9%	4.2
3.5%	7,133	7,464	75%	103.3%	3.93%	27	15%	3.7
4.0%	6,613	6,993	85%	104.9%	4.40%	31	23%	3.3
4.5%	668	715	98%	105.3%	4.87%	34	20%	3.5
≥ 5.0%	10	11	29%	104.6%	6.39%	65	7%	2.6
Subtotal	$37,555	$38,624	46%	103.8%	3.51%	16	11%	4.4
20 YR Mortgage Securities								
≤ 3.0%	$45	$46	99%	104.4%	3.52%	5	7%	7.6
3.5%	155	158	96%	104.9%	4.14%	15	12%	6.4
4.0%	100	106	47%	105.0%	4.53%	22	16%	5.3
4.5%	128	137	96%	107.1%	4.89%	31	18%	4.3
≥ 5.0%	7	8	0%	104.9%	5.46%	44	23%	1.7
Subtotal	$435	$455	84%	105.5%	4.42%	21	15%	5.6
30 YR Mortgage Securities								
≤ 3.0%	12,903	12,605	7%	104.8%	3.61%	5	3%	7.6
3.5%	14,974	15,206	128%	106.8%	4.02%	11	6%	7.3
4.0%	16,888	17,618	60%	106.3%	4.46%	18	12%	5.8
4.5%	4,588	4,890	86%	106.7%	4.94%	28	20%	4.7
5.0%	621	670	60%	107.0%	5.41%	45	22%	3.7
≥ 5.5%	325	355	34%	108.1%	6.26%	78	27%	2.2
Subtotal	$50,299	$51,344	70%	106.1%	4.24%	15	10%	6.5
Total Fixed	**$88,289**	**$90,423**	**60%**	**104.9%**	**3.94%**	**16**	**10%**	**5.6**

1. The weighted average coupon on the fixed rate securities held as of June 30, 2013 was 3.46%
2. Lower loan balance securities defined as pools backed by original loan balances of up to $150 K. HARP securities defined as pools backed by 100% refinance loans with original LTVs ≥ 80%
3. Percentages in table can exceed 100% of total market value due to inclusion of short TBA positions
4. Average WAC, Age and CPR exclude net TBA position
5. Average WAC represents the weighted average coupon of the underlying collateral
6. Actual 1 month annualized CPR published during July 2013 for agency securities held as of June 30, 2013. Does not include data for the net TBA positions
7. Duration 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. Refer to slides 30 and 31 for additional information

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Repo Counterparty Credit Risk

Our funding is well diversified by counterparty and geographically

- Repo counterparties well diversified
- Maintained excess capacity with most of our counterparties
- Less than 3% of our equity is at risk with any one counterparty
- Less than 12% of our equity is at risk with the top 5 counterparties

Counterparty Region	Number of Counterparties	Percent of Repo Funding
North America	18	58%
Asia	5	11%
Europe	10	31%
Total	33	100%

Counterparty Region	Counterparty Rank	Counterparty Exposure as a % of NAV [(1)(2)]
North America	1	2.39%
	2	2.03%
	3	2.03%
	4	1.79%
	5	1.35%
	6-18	8.36%
Asia	1	0.95%
	2	0.92%
	3	0.66%
	4	0.35%
	5	0.27%
Europe	1	2.78%
	2	1.70%
	3	1.64%
	4	1.23%
	5	1.17%
	6-10	2.29%

Total Exposure	31.91%
Top 5 Exposure	11.03%

Note: All figures as of June 30, 2013

1. Excludes $0.8 B of other debt in connection with the consolidation of a structured transaction under GAAP
2. Counterparty exposure with regard to agency collateral pledged under repo agreements. Amounts do not include exposure with regard to collateral pledged under derivative agreements, prime brokerage agreements and other debt

Hedging Summary

Our primary objective is not to eliminate risk or to lock in a particular net interest margin, but to maintain our net book value within reasonable bands over a range of interest rate scenarios

- **Interest Rate Swaps**
  - ✓ $55.7 B notional pay fixed swap book as of June 30, 2013 (1)
    - $10.1 B of swaps added during the quarter
      - 9.3 years average maturity and 2.08% average pay rate
    - $5.7 B of swaps terminated during the quarter
  - ✓ Covers 63% of repo, other debt and net TBA position

- **Interest Rate Swaptions**
  - ✓ $23.8 B notional payer swaptions as of June 30, 2013
    - $3.2 B payer swaptions added at a cost of $76 MM
    - $2.4 B payer swaptions expired or terminated for net realized losses of $11 MM
    - 1.3 years average option term, 8.4 years average underlying swap term
  - ✓ Covers 27% of repo, other debt and net TBA position

Interest Rate Swaps (1)(2)
As of June 30, 2013 - $ in Millions

Maturity	Notional Amount	Pay Rate	Receive Rate	Years to Maturity
≤ 3 Years	$16,150	1.44%	0.23%	1.9
> 3 to ≤ 5 Years	19,950	1.29%	0.27%	4.1
> 5 to ≤ 7 Years	6,200	1.63%	0.29%	6.0
> 7 to ≤ 10 Years	9,350	2.08%	0.28%	9.3
> 10 Years	4,000	2.71%	0.28%	13.8
Total / Wtd Avg	$55,650	1.61%	0.26%	5.2
As of Mar 31, 2013				
Total / Wtd Avg	$51,250	1.51%	0.28%	4.8

Interest Rate Payer Swaptions (2)
As of June 30, 2013 - $ in Millions

Expiration	Notional Amount	Cost	Market Value	Pay Rate	Swap Term (Years)
≤ 1 Year	$13,400	$217	$354	2.60%	8.5
> 1 to ≤ 2 Years	3,250	64	125	2.78%	7.0
> 2 to ≤ 3 Years	5,100	143	265	3.60%	9.4
> 3 to ≤ 4 Years	450	12	22	3.20%	6.1
> 4 to ≤ 5 Years	1,550	47	76	3.87%	6.9
Total / Wtd Avg	$23,750	$483	$842	2.94%	8.4
As of Mar 31, 2013					
Total / Wtd Avg	$22,900	$438	$332	2.81%	7.9

1. Includes $2.5 B and $5.2 B of forward starting swaps as of June 30, 2013 and Mar 31, 2013 starting through Sept 2013, respectively
2. Amounts represent the total / weighted average for each group

Other Hedge and Derivative Instruments

We continue to use a variety of hedging instruments to manage interest rate risk

- **Treasury Securities**
  - ✓ $6.3 B net short treasury position market value [1]
  - ✓ Covers 7% of repo, other debt and net TBA position
- **Treasury Futures**
  - ✓ $3.1 B short treasury futures market value
- **Total Hedge Portfolio**
  - ✓ Positions actively managed
  - ✓ 101% of our repo, other debt and net TBA position covered by swap, swaption and treasury positions

Treasury Securities
As of June 30, 2013 - $ in Millions

Maturity	Face Amount Long / (Short)	Market Value Long / (Short)
5 Years	$1,750	$1,697
7 Years	(1,050)	(982)
10 Years	(7,427)	(6,975)
Total	$(6,727)	$(6,260)
As of Mar 31, 2013		
Total	$(12,560)	$(12,548)

Net TBA Position
As of June 30, 2013 - $ in Millions

Term	Face Amount Long / (Short)	Market Value Long / (Short)
15 Year [2]	$5,215	$5,332
30 Year [2]	9,193	9,182
Total	$14,408	$14,514
As of Mar 31, 2013		
Total [2]	$26,268	$27,283

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1. Net of $3.7 B long treasury position market value
2. Net of short TBA positions. Includes forward settling sales of specified pools of $1.8 B as of June 30, 2013 and forward settling purchases of $50 MM as of Mar 31, 2013

Duration Gap Information

Duration Gap is an estimate of the difference in the interest rate price sensitivity of our assets relative to our liabilities and hedges, excluding the impact of negative convexity and leverage

- **Our duration gap was positive 0.5 years as of June 30, 2013, compared to positive 0.4 years as of Mar 31, 2013**
- **The duration of our asset portfolio lengthened to 5.3 years as of June 30, 2013 from 4.1 years as of Mar 31, 2013, primarily as a function of an increase in interest rates and widening mortgage spreads**
- **The duration of our liability and hedge portfolio increased to -4.9 years as of June 30, 2013, compared to -3.7 years as of Mar 31, 2013**

($ in billions, duration in years)	June 30, 2013		Mar 31, 2013	
Asset	**Market Value**	**Duration**	**Market Value**	**Duration**
Fixed [(1)]	$74.7	5.6	$73.4	4.2
ARM	0.7	2.1	0.8	1.8
CMO [(2)]	1.1	8.8	1.2	6.7
TBA	14.5	5.5	27.3	4.4
Cash	4.1	0.0	3.3	0.0
Total	**$95.1**	**5.3**	**$106.9**	**4.1**
Liabilities & Hedges	**Market Value / Notional**	**Duration**	**Market Value / Notional**	**Duration**
Liabilities	($70.3)	-0.3	($66.3)	-0.3
Swaps	(55.7)	-4.7	(51.3)	-4.5
Preferred	(0.2)	-8.3	(0.2)	-8.4
Swaptions	(23.8)	-3.9	(22.9)	-1.9
Treasury / Futures	(9.3)	-8.6	(13.6)	-6.8
Total		**-4.9**		**-3.7**
Net Duration Gap		**0.5**		**0.4**

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 within our models 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 31 and our related disclosures in our 10-Ks and 10-Qs for a more complete discussion of duration (interest rate risk).

1. Fixed rate securities exclude securities from consolidated structured transactions
2. CMO balance includes interest-only, inverse interest-only and principal-only securities and consolidated structured transactions, net of consolidated other debt.

NAV Interest Rate Sensitivity

Given the negative convexity of our mortgage assets, an instantaneous parallel shock to interest rates will 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
As of June 30, 2013
(based on instantaneous parallel change in interest rates)

Interest Rate Shock (bps)	Estimated Change in Portfolio Market Value [1]	Estimated Change as a % of NAV
-100	0.0%	-0.2%
-50	0.2%	1.8%
+50	-0.3%	-2.8%
+100	-0.7%	-5.9%

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 slide 31 and our related disclosures in our 10-Ks and 10-Qs for a more complete discussion of duration (interest rate risk).

1. Estimated dollar change in value expressed as a percent of the total market value of assets

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
- **AGNC 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
  - ✓ AGNC 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 presentation 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.

Net spread income consists of adjusted net interest income, less total operating expenses. Adjusted net interest income is interest income less interest expense (or "GAAP net interest income"), less other periodic interest rate swap interest costs reported in other income (loss), net.

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) unrealized gains and losses associated with interest rate swaps and other derivatives and securities marked-to-market in current income for GAAP purposes, but excluded from estimated taxable income until realized or settled, (ii) temporary differences related to the amortization of premiums paid on investments and (iii) timing differences in the recognition of certain realized gains and losses. Furthermore, estimated taxable income can include certain information that 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 based on such estimated taxable income, 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 an incomplete measure of the Company's financial performance and involve differences from net income computed in accordance with GAAP, net spread income and estimated taxable income 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, the Company's presentation of net spread income and estimated taxable income may not be comparable to other similarly-titled measures of other companies. A reconciliation of non-GAAP net spread income and taxable income measures to GAAP net income is included in this presentation.