



American Capital Agency Corp. Completes the Acquisition of Its External Manager

July 1, 2016

BETHESDA, Md., July 1, 2016 /PRNewswire/ -- American Capital Agency Corp. ("AGNC" or the "Company") (NASDAQ: AGNC) today announced that it has completed the internalization of its management function through the acquisition of American Capital Mortgage Management, LLC ("ACMM") and its subsidiaries. AGNC acquired ACMM from a portfolio company of American Capital, Ltd. ("American Capital") (NASDAQ: ACAS) for a purchase price of \$562 million in cash at closing, and no termination fee was paid by AGNC under its management agreement in connection with the internalization. American Capital MTGE Management, LLC, a subsidiary of ACMM, will continue to provide investment management services to American Capital Mortgage Investment Corp. ("MTGE") (NASDAQ: MTGE) on an external basis under the existing fee structure.

"The closing of this transaction represents an important milestone for AGNC and its shareholders," said Gary Kain, AGNC's Chief Executive Officer, President and Chief Investment Officer. "Since going public in May 2008, AGNC has delivered industry-leading performance and returns. The substantial projected cost savings associated with AGNC's internalization are expected to result in AGNC having one of the lowest run-rate operating cost structures as a percentage of shareholders' equity of any publicly-traded residential mortgage REIT, thereby enhancing AGNC's overall value proposition for shareholders."

In connection with the closing of the transaction, the Company also announced changes to its management team. Peter J. Federico, previously the Company's Senior Vice President and Chief Risk Officer, will serve as the Company's Executive Vice President and Chief Financial Officer. Kenneth Pollack, previously Senior Vice President and Deputy General Counsel of American Capital, has been appointed Senior Vice President, General Counsel, Chief Compliance Officer and Secretary of AGNC. Messrs. Federico and Pollack will replace John R. Erickson, previously Executive Vice President and Chief Financial Officer, and Samuel A. Flax, previously Executive Vice President and Secretary, respectively, who resigned effective upon the closing of the transaction as contemplated by the Company's May 23, 2016 press release.

For further information or questions, please contact Investor Relations at (301) 968-9300 or IR@AGNC.com.

ABOUT AMERICAN CAPITAL AGENCY CORP.

American Capital Agency Corp. is a real estate investment trust that invests primarily in agency pass-through securities and collateralized mortgage obligations for which the principal and interest payments are guaranteed by a U.S. Government agency or a U.S. Government-sponsored entity. Following the closing of the transaction, the Company is no longer affiliated with American Capital, Ltd. For further information, please refer to www.AGNC.com.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements, including statements regarding the expected benefits of the transaction and management's plans, projections and objectives for future operations. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance or results. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. Actual results could differ materially from those projected in these forward-looking statements due to a variety of important factors, including, without limitation, changes in interest rates, changes in the yield curve, changes in prepayment rates, the availability and terms of financing, changes in the market value of the Company's assets, risks related to the disruption of management time from ongoing business operations due to the transaction, the failure to realize the expected benefits from the transaction, general economic conditions, market conditions, conditions in the market for agency securities, and legislative and regulatory changes that could adversely affect the business of the Company. Certain important factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in the Company's periodic reports filed with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website, www.sec.gov. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt or new information, or otherwise.

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