



Tenth Annual JMP Securities Research Conference

May 9, 2011

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, including our annual report on Form 10-K for the year ended December 31, 2010. Historical results discussed in this presentation are not indicative of future results.

Overview of AGNC

➤ Residential Mortgage REIT

- ✓ Invest in agency mortgage-backed securities and collateralized mortgage obligations (CMOs) guaranteed by Ginnie Mae, Fannie Mae, or Freddie Mac

➤ Investment Objective

- ✓ Generate attractive risk-adjusted returns coupled with book value preservation
- ✓ Distribute income through quarterly dividends

➤ Actively Managed by Experienced Team

- ✓ Invest across the agency RMBS spectrum
- ✓ Use a relative value approach to asset selection

➤ Focus on Risk Management

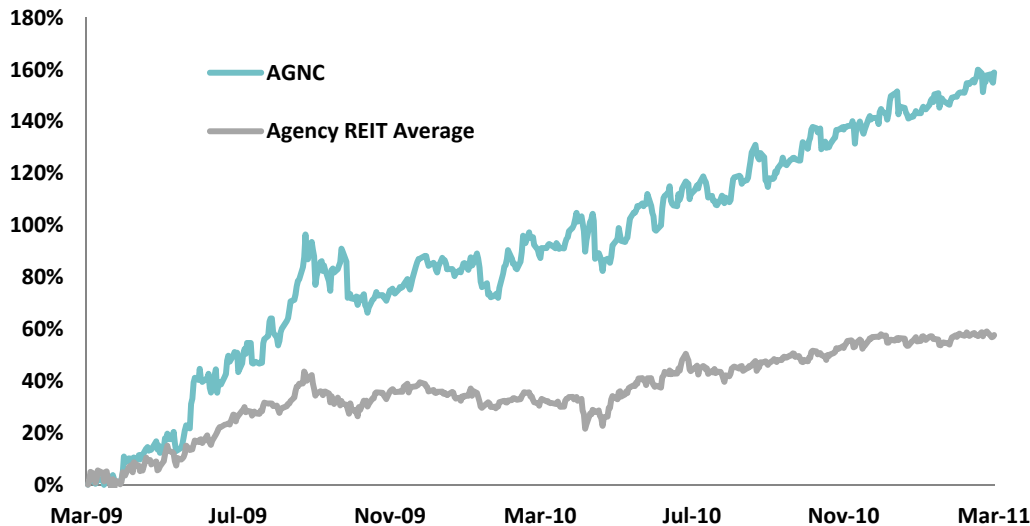
- ✓ Hedging strategies evolve with asset portfolio composition and market risks
- ✓ State-of-art risk management platform and systems

AGNC Performance Review

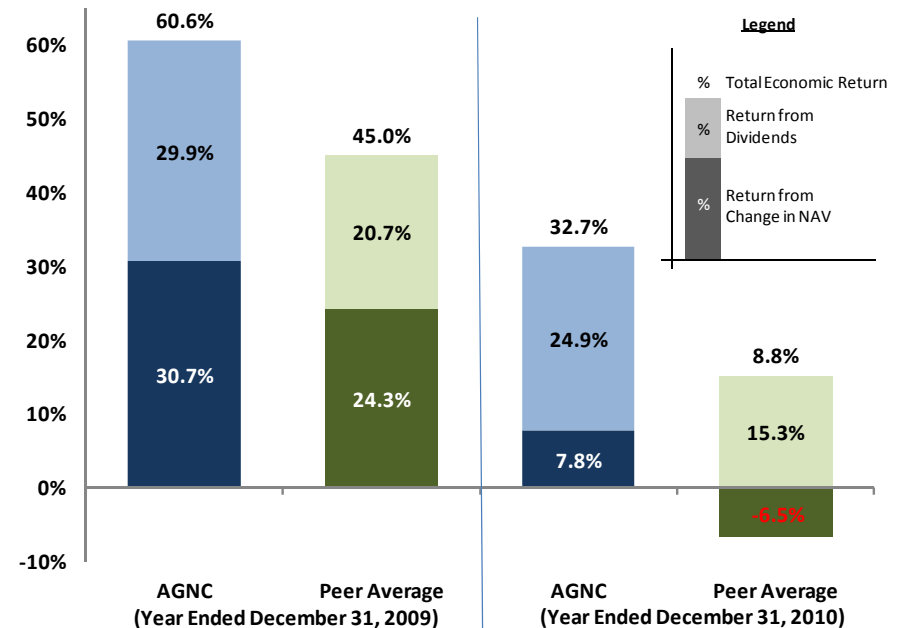
Strong Performance In Both Absolute and Relative Terms

- ◆ Total Stock Return of 159% over the past 8 quarters almost tripling the returns of the peer average of 58% during the same time frame¹
 - ✓ Market value increased from \$0.3 billion as of March 31, 2009 to \$3.8 billion at March 31, 2011
 - ✓ Expense ratio declined from 3.32% as of March 31, 2009 to 1.58% as of March 31, 2011
- ◆ Quarterly GAAP net income averaged \$1.83 per share over the past 8 quarters
 - ✓ GAAP net income increased from \$16.3 million in Q1 2009 to \$133.5 million in Q1 2011
- ◆ Quarterly Taxable net income averaged \$1.77 per share over the past 8 quarters
- ◆ Declared \$11.30 dividends per share over the past 8 quarters (quarterly average of \$1.41 per share)
 - ✓ Accumulated \$50 million in undistributed taxable income over the past 8 quarters as taxable income exceeded dividends despite expanding share count
- ◆ Grew book value by 35% to \$25.96 per share as of March 31, 2011 from \$19.26 per share as of March 31, 2009
- ◆ Cumulative economic return of 93% based on combination of dividends and changes in NAV from March 31, 2009 to March 31, 2011

Total Return (4/1/2009 – 3/31/2011)¹



Economic Return (2009 & 2010 Calendar Years)²



1. Source: SNL Financial, 4/1/2009 – 3/31/2011, assumes that dividends are reinvested; Agency REIT Average comprised of the following peers on an unweighted basis: ANH, CMO, CYS, HTS, NLY
 2. Source: Company filings; Peer Average comprised of the following peers on an unweighted basis: ANH, CMO, CYS, HTS, NLY. NAV for selected peers have been adjusted to reflect the impact of dividends that are declared shortly after the closing of a quarter

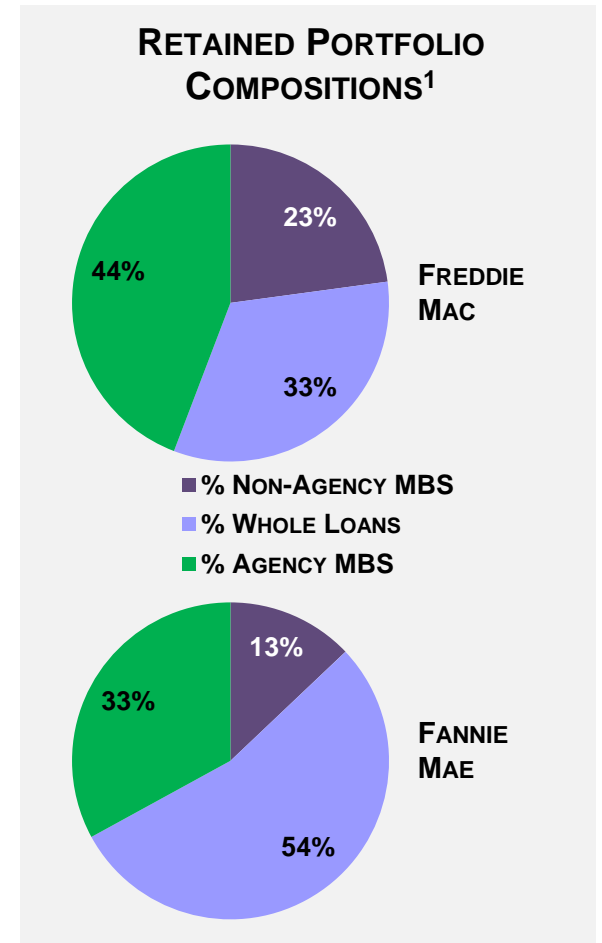
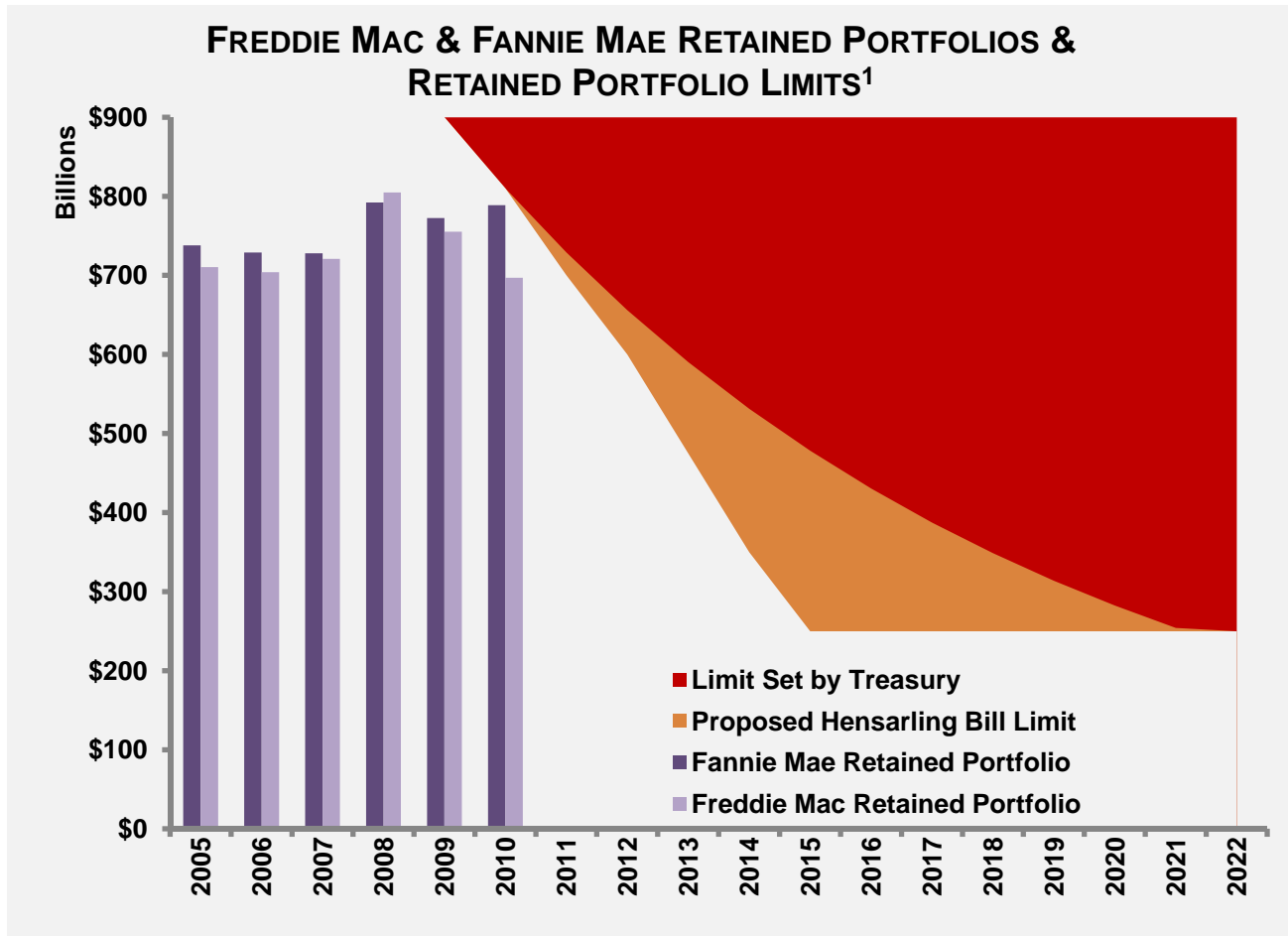
Market Overview - Summary

WE EXPECT THE REVERSAL OF THE UNPRECEDENTED U.S. GOVERNMENT INVOLVEMENT IN THE \$10 TRILLION U.S. MORTGAGE MARKET TO CREATE SIGNIFICANT AND EVOLVING OPPORTUNITIES FOR FLEXIBLE AND PATIENT LEVERED INVESTORS, AS PRIVATE SECTOR CAPITAL GRADUALLY REPLACES SEGMENTS OF THE MARKET CURRENTLY DOMINATED BY THE U.S. GOVERNMENT.

Expected Role of the GSEs / U.S. Government

- 1 There is widespread agreement that the role of the U.S. Government in the housing market must be significantly reduced**
 - ✓ The GSEs and the FHA are still guaranteeing over 90% of all mortgage originations
 - ✓ The GSEs retained portfolios total \$1.48 trillion¹
 - ✓ The Fed holds \$1.15 trillion in agency debt and MBS¹
- 2 The nature of GSE reform and the method for replacing government support with private capital in the mortgage market is still being determined**
 - ✓ The Treasury's "White Paper" lays out a number of options for gradually reducing the GSE role in the mortgage market
 - ✓ Multiple proposed bills related to GSE reform are under consideration
- 3 While the nature of reform is uncertain, the GSEs and the government's role in the mortgage market is expected to decrease going forward**
 - ✓ Treasury mandates require significant reduction to the GSE retained portfolios
 - ✓ Scheduled G-fee increases and reductions to conforming loan limits are expected to reduce the market share of the GSEs and the FHA for new mortgage originations
- 4 As this process progresses, significant market opportunities are expected to emerge**
 - ✓ Current and near term opportunities likely to be biased toward the agency side of the market
 - ✓ Opportunities on the credit side should be compelling but will take more time to develop

GSE Reform – Mandate to Shrink Portfolios

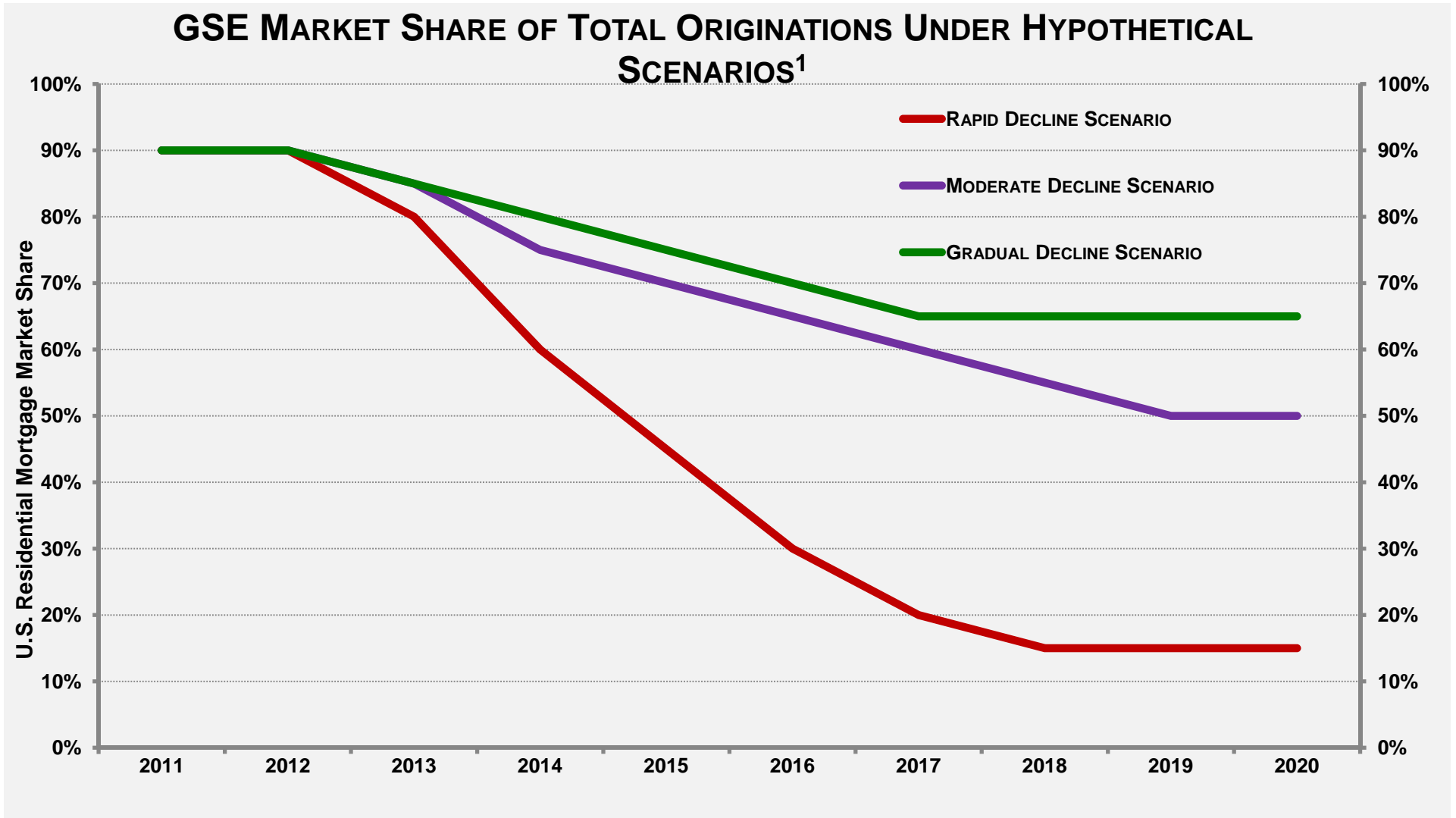


Key Takeaways:

1. Combined, Freddie Mac and Fannie Mae retained portfolios total \$1.48 trillion¹
2. Both GSEs have been mandated by Treasury to shrink their portfolios to approximately 1/3 of their current size by 2022
3. Proposed legislation could accelerate the pace of the GSE portfolio wind-downs

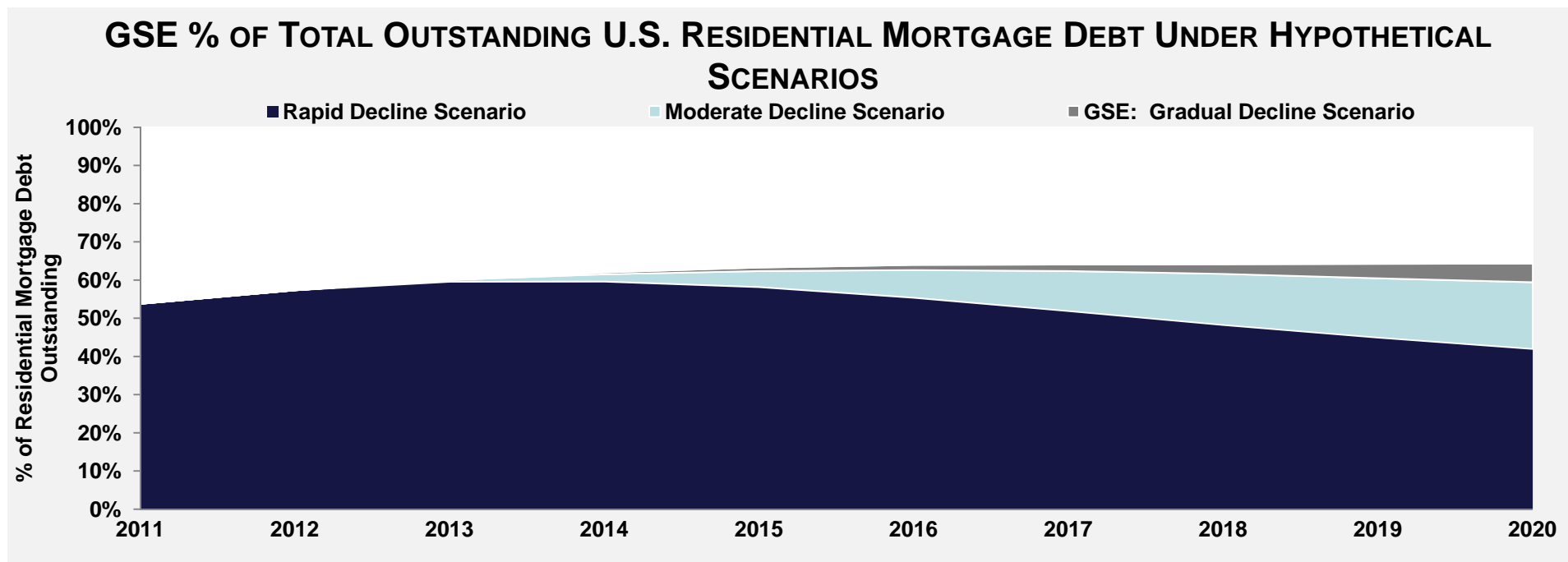
1. Fannie Mae and Freddie Mac public disclosures as of December 31, 2010.

Hypothetical GSE Production Volume



1. Three hypothetical scenarios chosen to illustrate potential outcomes. Actual outcomes could fall outside the range depicted in this graph.

Hypothetical GSE Securitizations



Key Takeaways:

- The pace of the GSEs exit from the mortgage market will drive the relative opportunities to deploy capital in both the agency and non-agency sectors
 - Agency investment opportunities likely to be more frontloaded with non-agencies taking longer to develop
- AGNC REIT performance may be less sensitive to these outcomes than many would think because book value performance and new agency investment opportunities are likely to be inversely correlated.
 - Book value is likely to benefit from the “rapid decline” scenario as scarcity value propels valuation
 - Better returns on new business (and maybe Price/Book ratios) should be strongest in “gradual decline” scenario

Drivers of Agency Investment Opportunities

WE BELIEVE THAT OPPORTUNITIES FOR PRIVATE CAPITAL TO INVEST IN AGENCY MORTGAGE SECURITIES ARE CURRENTLY VERY ATTRACTIVE AND SHOULD REMAIN VIBRANT OVER THE LONGER TERM

- ◆ **Today's steep yield curve and benign prepayment landscape are strong tailwinds**
- ◆ **More importantly, structural changes in the investor landscape should facilitate attractive returns across a wide variety of interest rate environments.**
 - ✓ **The diminishing role of the GSEs as investors.**
 - ✓ **The GSE portfolios could lever over 40:1 thus crowding out other investors especially when the yield curve was flatter and hedging costs were lower**
 - ✓ **The end of the Fed's mortgage purchase program**
 - ✓ **Treasury selling its mortgage holdings to private investors**
 - ✓ **Prop trading at banks and dealers to be significantly curtailed by Dodd-Frank**
- ◆ **Prepayments expected to remain relatively benign over the foreseeable future**
 - ✓ **Higher GSE prices for guaranteeing mortgages (higher mortgage rates)**
 - ✓ **Tighter underwriting and larger down payment requirements (tougher to refi)**
 - **Prepayments and credit inversely correlated**
 - ✓ **Weaker housing market (less equity buildup and slower refi)**
 - ✓ **Cash-out refinancing activity expected to be minimal**