Citi US Financial Services Conference

March 6, 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]:
$23.86 PER SHARE

NET ASSET VALUE[2]:
$31.64 PER SHARE

TOTAL EQUITY CAPITAL[2]:
$10.7 BILLION

American Capital Agency

TYPE / NAME:
8.000% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

PREFERRED STOCK TICKER:
AGNCP

EXCHANGE:
NASDAQ

ISSUE DATE / MATURITY DATE:
APRIL 2012 / PERPETUAL

PUBLIC OFFERING PRICE:
$25.00 PER SHARE

PER ANNUM DIVIDEND RATE:
8.000% PAYABLE QUARTERLY

TOTAL DIVIDENDS PAID SINCE OFFERING[1]:
$1.556 PER SHARE

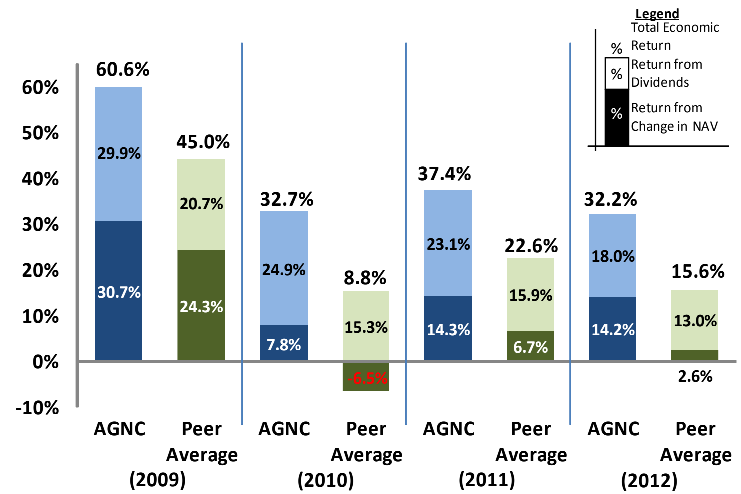
SHARES OUTSTANDING[1]:
6.9 MILLION

1. As of Jan 31, 2013
2. As of Dec 31, 2012, net of 8.000% Series A Cumulative Redeemable Preferred Stock (“Series A Preferred Stock”) aggregate liquidation preference of $173 million

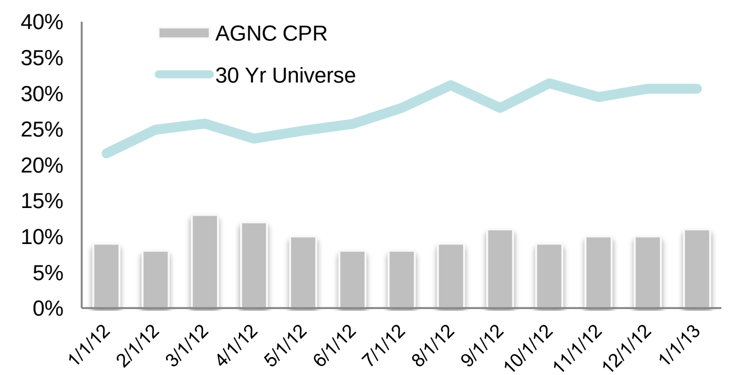
2012 Full Year Highlights

- **32% Economic Return on Common Equity**
  - ✓ Comprised of $5.00 dividend per common share and $3.93 increase in net book value per common share
- **$8.26 Comprehensive Income per Common Share, Comprised of:**
  - ✓ $4.17 net income per common share
  - ✓ $4.09 other comprehensive income/(loss) ("OCI") per common share
- **$6.87 Estimated Taxable Income Per Common Share**
  - ✓ Estimated undistributed taxable income increased from $0.80 per common share as of Dec 31, 2011 to $2.18 per common share as of Dec 31, 2012
- **$3.93 per Common Share, or 14%, Increase in Net Book Value per Common Share**
  - ✓ Increased from $27.71 per common share as of Dec 31, 2011 to $31.64 per common share as of Dec 31, 2012
- **Portfolio Prepayments Remained Stable During 2012 at an Average Actual Portfolio Constant Prepayment Rate ("CPR") of 10% for the Year**

Economic Return Analysis [1]



AGNC Actual CPR's [2][3]



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1. Peer group for the 2009, 2010, 2011 and 2012 periods comprised of ANH, CMO, CYS, HTS, and NLY on an unweighted basis
2. Actual 1 month annualized CPR released at the beginning of each month during the respective periods based on the securities held as of the preceding month-end
3. "30 Yr Universe" represents the Fannie Mae 30 yr fixed rate universe

Q4 2012 Highlights

- **$0.36 Comprehensive Income per Common Share, Comprised of:**
  - ✓ $2.37 net income per common share
  - ✓ $(2.01) OCI per common share
    - Driven by net unrealized losses on investments marked-to-market through OCI
- **$0.89 Net Spread Income per Common Share [1]**
  - ✓ $0.78 per common share, excluding approximately $0.11 per common share of “catch-up” premium amortization benefit due to change in projected CPR estimates
  - ✓ Excludes $0.29 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]
- **$1.93 Estimated Taxable Income per Common Share**
- **$1.25 Dividend Declared per Common Share**
- **$2.18 Estimated Undistributed Taxable Income per Common Share as of Dec 31, 2012 [3]**
  - ✓ Increased $222 million from $518 million as of Sept 30, 2012 to $740 million as of Dec 31, 2012
  - ✓ On a per share basis, increased $0.66 per common share from $1.52 as of Sept 30, 2012
- **$31.64 Net Book Value per Common Share as of Dec 31, 2012 [4]**
  - ✓ Decreased $0.85 per common share, or 2.6%, from $32.49 per common share as of Sept 30, 2012
- **5% Annualized Economic Return on Common Equity**
  - ✓ Comprised of $1.25 dividend per common share and $0.85 decrease in net book value per common share

1. Net spread income is a non-GAAP. Please also refer to slides 20 and 29 for a reconciliation and further discussion of non-GAAP measures
2. TBA dollar roll income is net of short TBAs used for hedging purposes. Dollar roll income excludes the impact of other supplemental hedges, such as swaptions and short treasury securities, and is recognized in gain (loss) on derivative instruments and other securities, net
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
4. 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

Q4 2012 Other Highlights

- **$85 Billion Investment Portfolio as of Dec 31, 2012**
  - ✓ $98 billion including net TBA mortgage position as of Dec 31, 2012
- **6.7x Average Leverage for the Quarter**
  - ✓ 7.8x including average net TBA mortgage position during the quarter
- **7.0x Leverage as of Dec 31, 2012 (1)**
  - ✓ 8.2x including net TBA mortgage position as of Dec 31, 2012
- **10% Actual Portfolio CPR for the Quarter (2)**
  - ✓ 11% actual portfolio CPR for the month of Jan 2013 (3)
  - ✓ 11% average projected portfolio life CPR as of Dec 31, 2012
- **1.63% Annualized Net Interest Rate Spread for the Quarter (4)**
  - ✓ 1.44% excluding "catch-up" premium amortization benefit due to change in projected CPR estimates
  - ✓ 1.65% when further adjusted for estimated TBA dollar roll income
- **1.39% Net Interest Rate Spread as of Dec 31, 2012 (4)(5)**
  - ✓ 1.61% including TBA mortgage position as of Dec 31, 2012
- **2.7 Million Shares of Common Stock Repurchased During the Fourth Quarter**
  - ✓ Average net repurchase price of $29.00 per common share

1. Leverage calculated as sum of repurchase agreements, net payable/receivable for agency securities not yet settled and other debt divided by total stockholders' equity as of Dec 31, 2012
2. Actual weighted average monthly annualized CPR published during Oct, Nov and Dec 2012 for agency securities held as of the preceding month-end
3. Actual weighted average 1 month annualized CPR published during Jan 2013 for agency securities held as of Dec 31, 2012
4. Net interest rate spread calculated as the average asset yield, less average cost of funds. Average cost of funds includes repo, other debt and periodic swap interest costs. Net interest rate spread and cost of funds exclude other supplemental hedges, such as swaptions, short treasury securities and short TBA positions
5. Incorporates the impact of forward starting interest rate swap agreements starting within 90 days of Dec 31, 2012, net of scheduled expirations

Market Information

Security	3/31/12	6/30/12	9/30/12	12/31/12	Q4 2012 Δ
Treasury Rates					
2 Yr UST	0.33%	0.30%	0.23%	0.25%	+0.02%
5 Yr UST	1.04%	0.72%	0.63%	0.72%	+0.09%
10 Yr UST	2.21%	1.65%	1.63%	1.76%	+0.13%
Swap Rates					
2 Yr Swap	0.58%	0.55%	0.37%	0.39%	+0.02%
5 Yr Swap	1.27%	0.97%	0.76%	0.86%	+0.10%
10 Yr Swap	2.29%	1.78%	1.70%	1.84%	+0.14%
30 Year Fixed Rate Mortgages					
3.00%	99.67	102.55	105.58	104.84	-0.74
3.50%	102.72	105.11	107.25	106.66	-0.59
4.00%	104.86	106.44	107.75	107.22	-0.53
4.50%	106.38	107.28	108.25	108.03	-0.22
5.00%	108.03	108.23	109.06	108.33	-0.73
5.50%	108.97	109.08	109.63	108.64	-0.99
6.00%	110.20	109.91	110.44	109.22	-1.22

Security	3/31/12	6/30/12	9/30/12	12/31/12	Q4 2012 Δ
15 Year Fixed Rate Mortgages					
2.50%	101.42	103.09	105.13	104.61	-0.52
3.00%	103.56	104.77	106.00	105.61	-0.39
3.50%	104.92	105.66	106.41	106.14	-0.27
4.00%	106.00	106.34	106.91	107.00	+0.09
4.50%	107.20	107.17	107.84	107.55	-0.29
New Hybrid ARMs					
5/1 - 3.50%	104.88	105.00	106.13	105.88	-0.25
7/1 - 3.75%	105.13	105.25	106.75	106.50	-0.25
10/1- 4.25%	105.81	106.25	106.88	106.69	-0.19
Seasoned Hybrid ARMs					
5/1 - 5.75% 24 MTR	107.63	107.19	107.19	107.00	-0.19
10/1 - 5.75% 80 MTR	108.63	107.75	108.00	107.88	-0.12

Source: Bloomberg and dealer indications

Note: Price information is provided for information 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

MBS Performance Post QE3

30 Year TBA			
Coupon	Pre-QE3 9/12/12	Now 2/28/13	∆ Since QE3
3.00%	103.25	103.58	+033
3.50%	105.61	105.75	+0.14
4.00%	106.83	106.59	-0.24
4.50%	107.81	107.64	-0.17

15 Year TBA			
Coupon	Pre-QE3 9/12/12	Now 2/28/13	∆ Since QE3
2.50%	103.78	103.86	+0.08
3.00%	105.41	105.27	-0.14
3.50%	106.16	106.00	-0.16
4.00%	106.86	107.02	+0.16

30 Year Specified Pay-ups ($110 k Loan Balance)			
Coupon	Pre-QE3 9/12/12	Now 2/28/13	∆ Since QE3
3.00%	0.13	0.09	-0.04
3.50%	1.19	0.94	-0.25
4.00%	3.00	3.25	+0.25
4.50%	4.09	4.09	+0.00

15 Year Specified Pay-ups ($110 k loan balance)			
Coupon	Pre-QE3 9/12/12	Now 2/28/13	∆ Since QE3
2.50%	0.41	0.16	-0.25
3.00%	1.05	0.88	-0.17
3.50%	2.13	2.03	-0.10
4.00%	2.35	2.49	+0.14

Treasury Rates			
Security	Pre-QE3 9/12/12	Now 2/28/13	∆ Since QE3
6 Mo UST	0.13	0.12	-0.01
2 YR UST	0.24	0.24	0.00
5 YR UST	0.69	0.76	+0.07
10 YR UST	1.76	1.88	+0.12

Source: Bloomberg and dealer indications

Note: Price information is provided for information 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

QE3 Related Opportunities

FED purchases have tightened spreads on lower coupon mortgages but have also improved financing through the TBA dollar roll market

- **The FED's involvement in the mortgage market has made it more attractive to purchase MBS on a forward-settlement basis through the TBA dollar roll market**
- **The price differential between MBS purchased for a forward settlement date and the price of MBS for settlement in the current month is referred to as the "price drop"**
- **The price drop is the economic equivalent of the net interest carry (interest income less implied financing cost) on the MBS earned during the roll period**
  - ✓ We account for TBA dollar rolls as a series of derivative transactions and recognize dollar roll income in gain (loss) on derivative instruments and other securities, net
- **Given the Fed's involvement, favorable financing via the dollar roll market is likely to persist for most of 2013**
- **The following table illustrates a hypothetical net interest carry analysis for a 30-year 3% TBA MBS as of Dec 31, 2012**

Hypothetical Carry Analysis for TBA 30-Year 3.0%

	On Balance Sheet	TBA Forward Settlement
Price [1]	105.13	104.89
Price Drop	--	0.24
Yield [2]	2.33%	2.36%
Funding Cost / Implied (1 month) [3]	0.40%	(0.20%)
Estimated Net Spread Before Hedges	**1.93%**	**2.56%**

1. TBA price as of Dec 31, 2012
2. Asset yield assumes life CPR forecast of 7%.
3. TBA implied funding cost (benefit) calculated assuming a 1 month CPR of 2%

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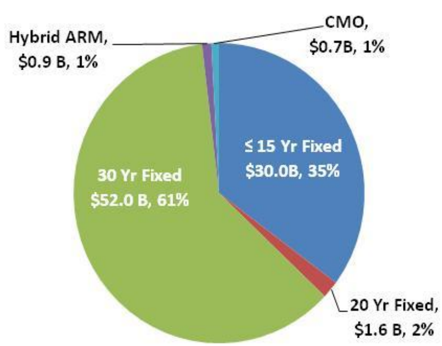
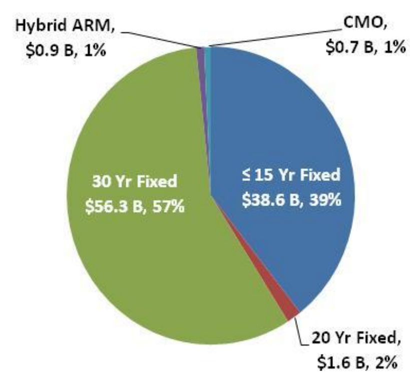
Q4 2012 Portfolio Update

Our portfolio remains well positioned against prepayments

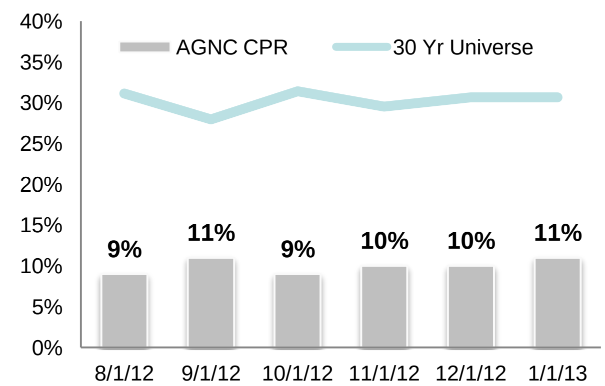
$85.2 B MBS Portfolio as of 12/31/12



$98.1 B MBS & Net TBA Portfolio as of 12/31/12



AGNC Actual CPR (1)(2)



≤ 15 Year - $30.0 B Portfolio (35% of Total) as of 12/31/12

($ In Millions)	FMV	%	Coupon	WALA (5)	Jan'13 1 M Actual CPR (1)	Life Forecast CPR (6)
Lower Loan Bal (3)	$16,871	56%	3.57%	20	15%	13%
HARP (4)	1,404	5%	3.53%	17	11%	14%
Other 2009-2012	11,670	39%	2.70%	7	9%	13%
Other (Pre 2009)	34	0%	4.61%	88	9%	16%
Total ≤15 Year	**$29,979**	**100%**	**3.22%**	**15**	**13%**	**13%**

30 Year - $52.0 B Portfolio (61% of Total) as of 12/31/12

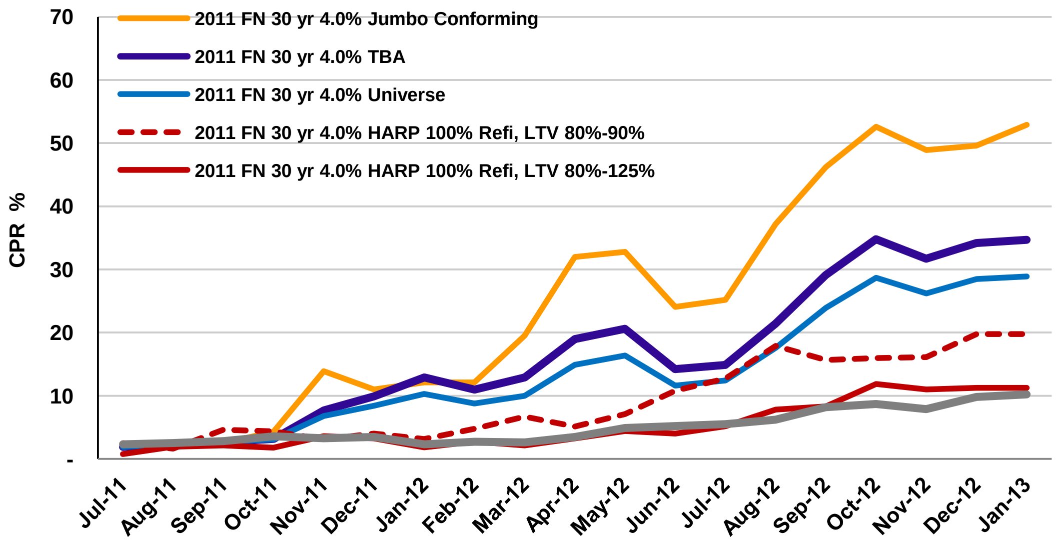
($ In Millions)	FMV	%	Coupon	WALA (5)	Jan'13 1 M Actual CPR (1)	Life Forecas t CPR (6)
Lower Loan Bal (3)	$20,736	40%	3.76%	13	8%	9%
HARP (4)	24,998	48%	3.84%	11	8%	9%
Other 2009-2012	5,875	11%	3.63%	9	13%	10%
Other (Pre 2009)	431	1%	5.62%	87	30%	19%
Total 30 Year	**$52,040**	**100%**	**3.80%**	**12**	**9%**	**9%**

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 yr fixed rate universe
3. Lower loan balance defined as pools backed by max original loan balance of up to $150 K. Wtd/avg original loan balance of $98 K for 15-year and $101 K for 30-year securities as of Dec 31, 2012
4. HARP defined as pools backed by 100% refinance loans with original LTVs ≥ 80%. Wtd/avg original LTV of 95% for 15- year and 104% for 30-year securities as of Dec 31, 2012
5. WALA represents the weighted average loan age presented in months
6. Average projected life CPR as of Dec 31, 2012

Asset Selection Remains Critical To Prepayments

AGNC's fixed rate portfolio comprised of 77% HARP or lower loan balance securities as of Dec 31, 2012 [1] or 67% inclusive of net TBA positions

Prepayment Speeds on 2011 FNMA 30yr 4.0% Coupons [2]



- **The impact of QE3 on mortgage rates will likely keep prepayments on most generic 3.5% and higher coupons elevated**
- **We believe speed increases on lower loan balance and higher LTV HARP loans should be significantly less than generic coupons**

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1. HARP securities defined as pools backed by 100% refinance loans with original LTVs ≥ 80%. Lower loan balance securities defined as pools backed by max original loan balances of up to $150 K. See slides 9 and 24 for further information on our holdings of lower loan balance and HARP securities
2. Source: JPM, represents the weighted average actual 1 month annualized CPR released at the beginning of the month

Financing Summary

Access to repo funding remained stable throughout the quarter

- Increased original contractual average maturity of our repo funding to 181 days as of Dec 31, 2012 from 141 days as of Sept 30, 2012
- Average repo cost increased to 0.51% as of Dec 31, 2012 from 0.46% as of Sept 30, 2012
- No material change to repo margin requirements during the quarter

AGNC Repos [1]
($ in millions – as of Dec 31, 2012)

Original Maturity	Repo Outstanding %	Repo Outstanding $	Interest Rate	Remaining Days to Maturity	Original Days to Maturity
≤ 1 Month	5%	$4,011	0.48%	13	28
> 1 to ≤ 3 Months	38%	28,307	0.49%	37	69
> 3 to ≤ 6 Months	33%	24,303	0.49%	63	130
> 6 to ≤ 9 Months	7%	5,222	0.54%	79	214
> 9 to ≤ 12 Months	10%	7,813	0.58%	222	355
> 12 to ≤ 24 Months	3%	1,917	0.65%	564	656
> 24 to ≤ 36 Months	4%	2,803	0.69%	963	1,050
> 36 Months	0%	102	0.73%	1,751	1,808
Total / Wtd Avg	100%	$74,478	0.51%	118	181
($ in millions – as of Sept 30, 2012)					
Total / Wtd Avg	100%	$79,254	0.46%	89	141

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1. Amounts in table represent the weighted average for each group. Amounts exclude $0.9 B and $1.0 B of other debt in connection with the consolidation of VIEs under GAAP, respectively.

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**
  - ✓ $46.9 B notional pay fixed swap book as of Dec 31, 2012 [1]
    - $1.7 B of swaps added during the quarter
      - 8.7 years average maturity and1.53% average pay rate
    - $3.7 B of swaps terminated during the quarter
  - ✓ Covers 62% of repo and other debt balance

- **Interest Rate Swaptions**
  - ✓ $14.5 B notional payer swaptions as of Dec 31, 2012
    - $6.1 B payer swaptions added at a cost of $124 MM
    - $0.2 B payer swaptions expired at an original cost of $3 MM
    - 1.7 years average option term, 7.8 years average underlying swap term
  - ✓ Covers 19% of repo and other debt balance

Interest Rate Swaps [1][2]
($ in millions – as of Dec 31, 2012)

Maturity	Notional Amount	Pay Rate	Receive Rate	Years to Maturity
≤ 3 Years	$14,600	1.23%	0.26%	2.0
> 3 to ≤ 5 Years	20,250	1.48%	0.29%	4.1
> 5 to ≤ 7 Years	5,600	1.53%	0.34%	6.1
> 7 to ≤ 10 Years	5,200	1.89%	0.35%	9.2
> 10 Years	1,200	1.79%	0.31%	10.2
Total / Wtd Avg	$46,850	1.46%	0.29%	4.4
($ in millions – as of Sept 30, 2012) [1]				
Total / Wtd Avg	$48,850	1.43%	0.35%	4.3

Interest Rate Payer Swaptions [2]
($ in millions – as of Dec 31, 2012)

Expiration	Notional Amount	Cost	Market Value	Pay Rate	Swap Term (Years)
≤ 1 Year	$5,150	$76	$15	2.65%	8.6
> 1 to ≤ 2 Years	4,050	65	34	2.82%	6.7
> 2 to ≤ 3 Years	3,900	97	87	3.51%	8.6
> 3 to ≤ 4 Years	450	12	11	3.20%	6.1
> 4 to ≤ 5 Years	900	24	24	3.33%	5.0
Total / Wtd Avg	$14,450	$274	$171	2.99%	7.8
($ in millions – as of Sept 30, 2012)					
Total / Wtd Avg	$8,550	$152	$57	3.30%	7.7

1. Includes $2.8 B and $3.1 B of forward starting swaps as of Dec 31, 2012 and Sep 30, 2012 starting through April 2013, and March 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**
  - ✓ $11.8 B short treasury position
  - ✓ Covers 16% of repo and other debt balance
- **TBA Mortgages**
  - ✓ $12.5 B net long TBA mortgage position (notional value) (1)
- **Total Hedge Portfolio**
  - ✓ Positions actively managed
  - ✓ 97% of our repo and other debt balances covered by swap, swaption and treasury positions
  - ✓ 80% of our repo and other debt balances covered by all hedge positions, including net TBA positions

Treasury Securities
($ in millions – as of Dec 31, 2012)

Maturity	Face Amount Long / (Short)	Market Value
5 Years	($5,320)	($5,304)
7 Years	(1,600)	(1,580)
10 Years	(4,915)	(4,879)
Total	($11,835)	($11,763)
($ in millions – as of Sept 30, 2012)		
Total	($7,295)	($7,264)

TBA Positions
($ in millions – as of Dec 31, 2012)

Term	Face Amount Long / (Short)	Market Value
15 Year	$8,283	$8,665
30 Year (1)	$4,194	$4,205
Total	$12,477	$12,870
($ in millions – as of Sept 30, 2012)		
Total (1)	$3,774	$3,709

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1. Net of short TBA positions. Includes forward settling purchases of specified pools of $150 MM and $860 MM as of Dec 31, 2012 and Sep 30, 2012, respectively

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 negative 0.2 years as of Dec 31, 2012**
- **The duration of our asset portfolio lengthened to 3.0 years as of Dec 31, 2012 from 2.3 years as of Sept 30, 2012, primarily due to changes in composition**
- **The duration of our liability and hedge portfolio increased to 3.2 years as of Dec 31, 2012 compared to 2.9 years as of Sept 30, 2012**

($ in billions, duration in years)	Dec 31, 2012		Sept 30, 2012	
Asset	**Market Value**	**Duration**	**Market Value**	**Duration**
Fixed [1]	$83.6	2.9	$87.9	2.4
ARM	0.9	1.4	1.0	1.5
CMO [2]	0.7	4.3	0.8	5.2
TBA	12.9	4.3	3.7	1.2
Cash	2.8	0.0	2.9	0.0
Total	**$100.9**	**3.0**	**$96.3**	**2.3**
Liabilities & Hedges	**Market Value / Notional**	**Duration**	**Market Value / Notional**	**Duration**
Liabilities	($74.5)	-0.3	($79.3)	-0.2
Liabilities (Other) [3]	(0.9)	-5.8	(1.0)	-5.9
Swaps	(46.9)	-4.3	(48.9)	-4.1
Preferred	(0.2)	-8.6	(0.2)	-8.0
Swaptions	(14.5)	-1.3	(8.6)	-0.8
Treasury / Futures	(11.8)	-6.7	(7.3)	-6.2
Total		**-3.2**		**-2.9**
Net Duration Gap		**-0.2**		**-0.6**

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

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1. Balance includes net forward settling specified securities
2. CMO balance includes interest-only, inverse interest-only and principal-only securities
3. Represents other debt in connection with the consolidation of structured transactions under GAAP

Business Economics

(unaudited)	As of 12/31/12 (1)	As of 9/30/12	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Year 2012
Asset Yield	2.61%	2.61%	2.82%	2.55%	2.73%	3.32%	2.82%
Cost of Funds (2)	(1.22)%	(1.11)%	(1.19)%	(1.13)%	(1.08)%	(1.01)%	(1.11)%
Net Interest Rate Spread	**1.39%**	**1.50%**	**1.63%**	**1.42%**	**1.65%**	**2.31%**	**1.71%**
Leverage (3)	**7.0x**	**7.0x**	**6.7x**	**7.1x**	**7.5x**	**8.2x**	**7.3x**
Leveraged Net Interest Rate Spread	9.69%	10.53%	10.87%	10.12%	12.37%	19.02%	12.45%
Plus Asset Yield	2.61%	2.61%	2.82%	2.55%	2.73%	3.32%	2.82%
Gross Return on Equity ("ROE") Before Expenses and Other Income	**12.30%**	**13.14%**	**13.69%**	**12.67%**	**15.10%**	**22.34%**	**15.27%**
Management Fees as a % of Equity	(1.14)%	(1.08)%	(1.10)%	(1.19)%	(1.24)%	(1.28)%	(1.19)%
Other Operating Expenses as a % of Equity	(0.32)%	(0.30)%	(0.32)%	(0.31)%	(0.35)%	(0.32)%	(0.33)%
Total Operating Expenses as a % of Equity	(1.46)%	**(1.38)%**	**(1.42)%**	**(1.50)%**	**(1.59)%**	**(1.60)%**	**(1.52)%**
Net Spread Income ROE	**10.84%**	**11.76%**	**12.27%**	**11.16%**	**13.51%**	**20.74%**	**13.75%**
Other Miscellaneous (4)	-- %	-- %	(1.40)%	(1.17)%	(0.86)%	(1.11)%	(1.07)%
Realized Other Income (Loss), Net of Tax (5)	-- %	-- %	13.30%	(1.80)%	4.80%	12.56%	6.90%
Unrealized Other Income/(Loss)	-- %	**-- %**	4.58%	(4.95)%	(28.96)%	4.61%	(6.10)%
Net Income ROE	**10.84%**	**11.76%**	**28.75%**	**3.24%**	**(11.51)%**	**36.80%**	**13.48%**
Other Comprehensive (Loss)/Income	-- %	-- %	(24.28)%	46.45%	32.74%	(3.10)%	13.13%
Comprehensive Income ROE	**10.84%**	**11.76%**	**4.47%**	**49.69%**	**21.23%**	**33.70%**	**26.61%**
Comprehensive Return on Preferred Equity in Excess of Preferred Dividend	0.04%	0.06%	(0.05)%	0.69%	0.24%	-- %	0.25%
Net Comprehensive ROE Available to Common Shareholders	**10.88%**	**11.82%**	**4.42%**	**50.38%**	**21.47%**	**33.70%**	**26.86%**

Note: Net interest rate spread and leverage exclude net carry income/loss and off balance sheet leverage from TBA positions.

1. As of 12/31/12, the mark-to-market yield on our MBS portfolio was 2.14%, the mark-to-market pay fixed rate on our swap portfolio was 0.96%, and the mark-to-market cost of funding (including interest rate swaps) was 0.91%
2. Cost of funds includes other periodic swap interest costs reported in other income (loss), net. It excludes swap termination fees and costs associated with supplemental hedges such as swaptions, short treasury and net TBA positions. Cost of funds as of 12/31/12 and 9/30/12 includes the impact of swaps in effect as of each date ($44.1 B and $45.8 B, respectively), plus forward starting swaps becoming effective, net of swaps expiring, within three months of each date ($2.2 B net and $2.0 B net, respectively)
3. Leverage as of 12/31/12 and 9/30/12 calculated as sum of repurchase agreements, net payable / receivable for unsettled agency securities and other debt divided by total stockholders' equity. Average leverage calculated as the daily weighted average sum of repurchases agreements and other debt outstanding divided by the average month-ended equity for the period
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
5. Realized other income, net of tax, excludes other periodic swap interest costs included in cost of funds

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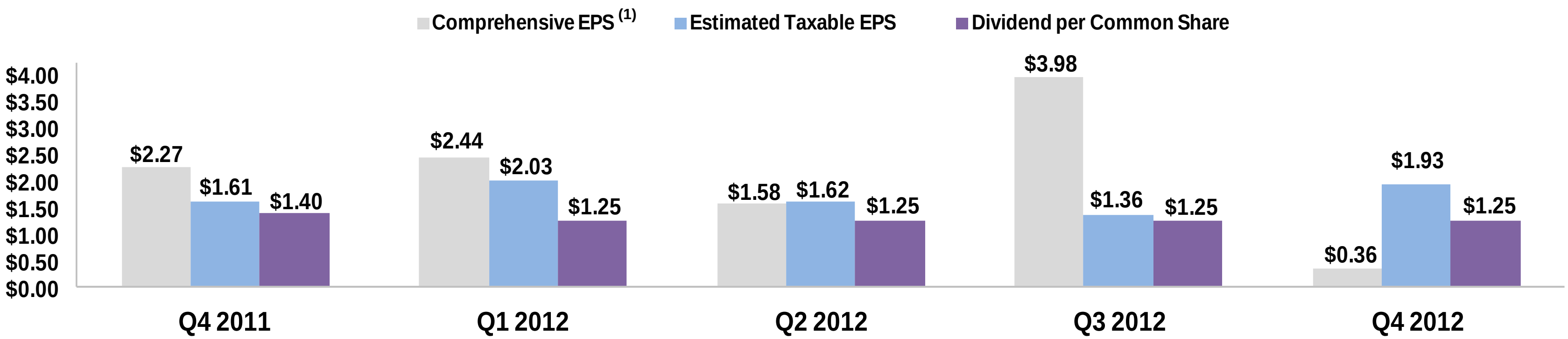
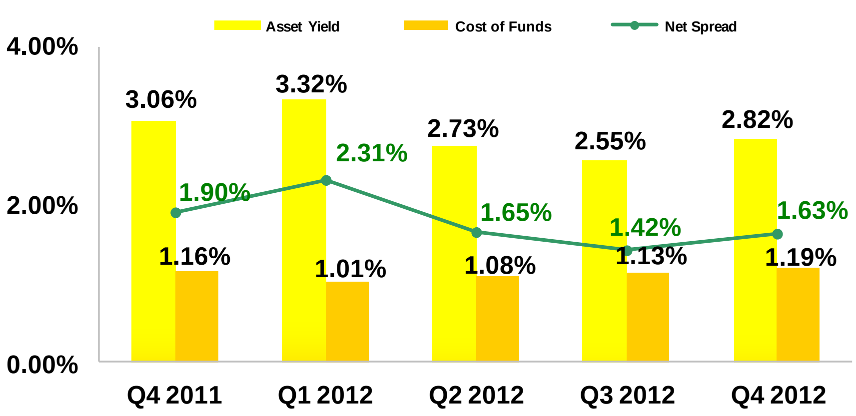
Supplemental Slides

AGNC Historical Overview

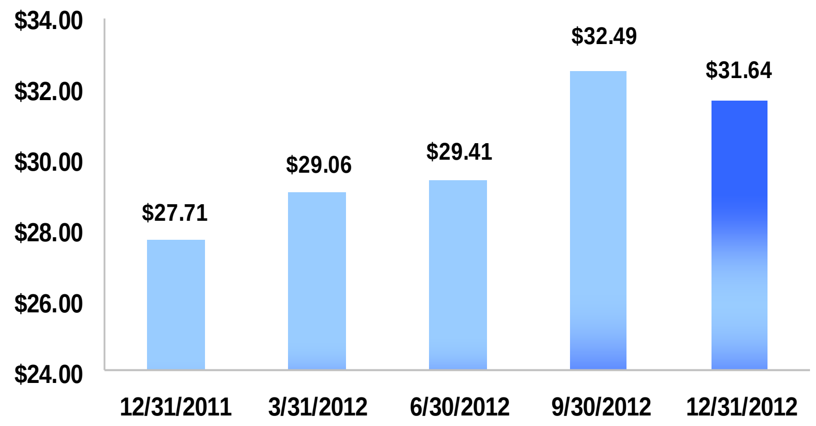
Earnings and Dividends per Common Share



Net Spread (2)



Net Book Value Per Common Share (3)



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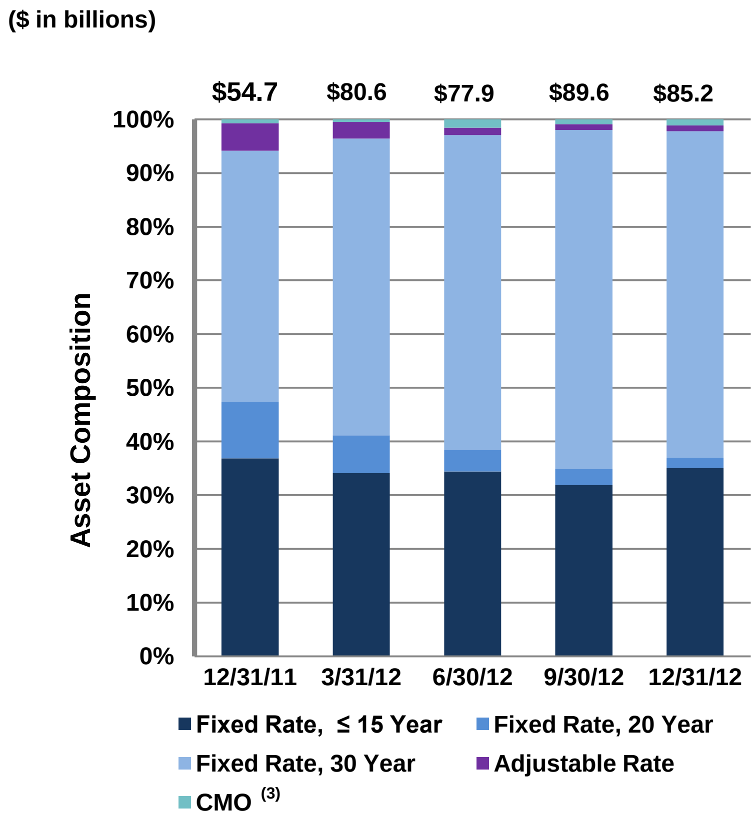
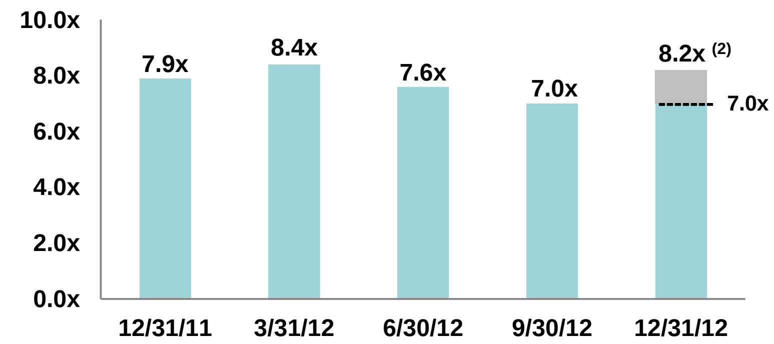
1. Comprehensive earnings per common share is a GAAP measure that consists of net income (loss) per common share plus unrealized gains/losses on agency MBS and designated hedges per common share recognized in other comprehensive income, a separate component of equity
2. Represents average per quarter, excludes net carry income from the Company's TBA mortgage portfolio recognized in other income (loss), net
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

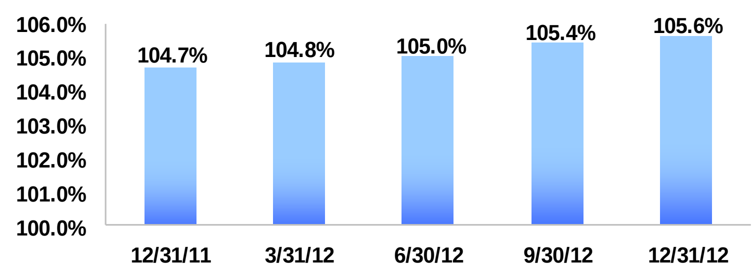
Investment Portfolio



Leverage (1)



Amortized Cost Basis



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Note: Amounts exclude the impact of the Company's net TBA mortgage position, unless otherwise noted
1. Leverage calculated as sum of repurchase agreements, net payable/receivable for agency securities not yet settled and other debt divided by total stockholders' equity
2. Leverage includes the impact of net TBA mortgage position as of Dec 31, 2012
3. Includes interest-only, inverse interest-only and principal-only securities

Income Statements

($ in millions, except per share data) (Unaudited)	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Year 2012
Interest Income	$570	$520	$504	$514	$2,109
Interest Expense [(1)]	(147)	(139)	(120)	(106)	(512)
Net Interest Income	**423**	**381**	**384**	**408**	**1,597**
Gain on Sale of Agency Securities, Net	353	210	417	216	1,196
Gain (Loss) on Derivative Instruments and Other Securities, Net [(1)]	89	(460)	(1,029)	47	(1,353)
Total Other Income, (Loss) Net	**442**	**(250)**	**(612)**	**263**	**(157)**
Management Fee	(31)	(32)	(28)	(22)	(113)
General and Administrative Expenses	(9)	(8)	(8)	(6)	(31)
Total Operating Expenses	**(40)**	**(40)**	**(36)**	**(28)**	**(144)**
Income (Loss) before Income Tax (Provision) Benefit	825	91	(264)	643	1,296
Income Tax (Provision) Benefit, Net	(15)	(5)	3	(2)	(19)
Net Income (Loss)	**810**	**86**	**(261)**	**641**	**1,277**
Dividend on Preferred Stock	(3)	(3)	(3)	-	(10)
Net Income (Loss) Available (Attributable) to Common Shareholders	**$807**	**$83**	**$(264)**	**$641**	**$1,267**
Net Income (Loss)	**$810**	**$86**	**$(261)**	**$641**	**$1,277**
Unrealized (Loss) Gain on Available-for-Sale Securities, Net	(734)	1,190	689	(106)	1,039
Unrealized Gain on Derivative Instruments, Net [(1)]	50	51	52	52	205
Other Comprehensive (Loss) Income	**(684)**	**1,241**	**741**	**(54)**	**1,244**
Comprehensive Income	**$126**	**$1,327**	**$480**	**$587**	**$2,521**
Dividend on Preferred Stock	(3)	(3)	(3)	-	(10)
Comprehensive Income Available to Common Shareholders	**$123**	**$1,324**	**$477**	**$587**	**$2,511**
Weighted Average Common Shares Outstanding – Basic and Diluted	**340.3**	**332.8**	**301.0**	**240.6**	**303.9**
Net Income (Loss) per Common Share	**$2.37**	**$0.25**	**($0.88)**	**$2.66**	**$4.17**
Comprehensive Income per Common Share	**$0.36**	**$3.98**	**$1.58**	**$2.44**	**$8.26**
Estimated REIT Taxable Income per Common Share	**$1.93**	**$1.36**	**$1.62**	**$2.03**	**$6.87**
Dividends Declared per Common Share	**$1.25**	**$1.25**	**$1.25**	**$1.25**	**$5.00**

Note: Amounts may not total due to rounding

1. 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.

Reconciliation of GAAP Net Interest Income to Adjusted Net Interest Income and Net Spread Income [1]

($ in millions, except per share data) (Unaudited)	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Year 2012
Interest Income	**$570**	**$520**	**$504**	**$514**	**$2,109**
Interest Expense:					
Repurchase Agreements and Other Debt	(97)	(88)	(68)	(54)	(307)
Interest Rate Swap Periodic Costs [2]	(50)	(51)	(52)	(52)	(205)
Total Interest Expense	**(147)**	**(139)**	**(120)**	**(106)**	**(512)**
Net Interest Income	**423**	**381**	**384**	**408**	**1,597**
Other Interest Rate Swap Periodic Costs [3]	(77)	(74)	(62)	(39)	(252)
Adjusted Net Interest Income	**346**	**307**	**322**	**369**	**1,345**
Total Operating Expenses	**(40)**	**(40)**	**(36)**	**(28)**	**(144)**
Net Spread Income	**306**	**267**	**286**	**341**	**1,201**
Dividend on Preferred Stock	(3)	(3)	(3)	--	(10)
Net Spread Income Available to Common Shareholders	**$303**	**$264**	**$283**	**$341**	**$1,191**
Weighted Average Common Shares Outstanding – Basic and Diluted	**340.3**	**332.8**	**301.0**	**240.6**	**303.9**
Net Spread Income per Common Share – Basic and Diluted	**$0.89**	**$0.79**	**$0.94**	**$1.42**	**$3.92**

Note: Amounts may not total due to rounding

1. Table includes non-GAAP financial measures. Please refer to slide 29 for additional information regarding non-GAAP financial measures
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

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

($ in millions, except per share data) (Unaudited)	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Year 2012
Net Income (Loss)	**$810**	**$86**	**($261)**	**$641**	**$1,277**
Book to Tax Differences:					
Premium Amortization, Net	(19)	55	43	(28)	51
Realized (Gain) Loss , Net	(16)	167	54	(46)	159
Unrealized (Gain) Loss , Net	(121)	128	647	(80)	574
Other [2]	6	20	9	2	38
Total Book to Tax Differences	**(150)**	**370**	**753**	**(152)**	**822**
Estimated REIT Taxable Income	**$660**	**$456**	**$492**	**$489**	**$2,099**
Dividend on Preferred Stock	(3)	(3)	(3)	--	(10)
Estimated REIT Taxable Income Available to Common Shareholders	**$657**	**$453**	**$489**	**$489**	**$2,089**
Weighted Average Common Shares Outstanding – Basic and Diluted	**340.3**	**332.8**	**301.0**	**240.6**	**303.9**
Estimated REIT Taxable Income per Common Share	**$1.93**	**$1.36**	**$1.62**	**$2.03**	**$6.87**
Estimated Cumulative Undistributed REIT Taxable Income per Common Share [3]	**$2.18**	**$1.52**	**$1.61**	**$1.28**	**$2.18**

Note: Amounts may not total due to rounding

1. Please refer to slide 29 on the use of Non-GAAP financial information
2. Other book to tax differences include GAAP net income/loss of wholly-owned taxable REIT subsidiary, net of corporate income tax; 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

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Balance Sheets

($ in millions, except per share data)	As of [1] 12/31/12	9/30/12	6/30/12	3/31/12	12/31/11
Agency Securities, at Fair Value	$83,710	$88,020	$76,378	$80,517	$54,625
Agency Securities Transferred to Consolidated Variable Interest Entities, at Fair Value	1,535	1,620	1,544	53	58
U.S. Treasury Securities, at Fair Value	--	--	--	--	101
Cash and Cash Equivalents	2,430	2,569	2,099	1,762	1,367
Restricted Cash	399	369	302	315	336
Derivative Assets, at Fair Value	301	292	64	184	82
Receivable for Securities Sold	--	2,326	2,877	1,706	443
Receivable under Reverse Repurchase Agreements	11,818	6,712	1,274	3,613	763
Other Assets	260	269	244	267	197
Total Assets	**$100,453**	**$102,177**	**$84,782**	**$88,417**	**$57,972**
Repurchase Agreements	$74,478	$79,254	$69,540	$69,816	$47,681
Debt of Consolidated Variable Interest Entities, at Fair Value	937	1,008	954	50	54
Payable for Securities Purchased	556	1,311	2,198	4,852	1,919
Derivative Liabilities, at Fair Value	1,264	1,562	1,250	827	853
Dividends Payable	427	430	384	286	314
Obligation to Return Securities Borrowed under Reverse Repurchase Agreements, at Fair Value	11,763	7,265	1,269	3,816	899
Accounts Payable and Other Accrued Liabilities	133	74	51	52	40
Total Liabilities	**89,558**	**90,904**	**75,646**	**79,699**	**51,760**
Preferred Equity at Aggregate Liquidation Preference	173	173	173	--	--
Common Equity	10,722	11,100	8,963	8,718	6,212
Total Stockholders' Equity	**10,895**	**11,273**	**9,136**	**8,718**	**6,212**
Total Liabilities and Stockholders' Equity	**$100,453**	**$102,177**	**$84,782**	**$88,417**	**$57,972**
Leverage [2]	**7.0x**	**7.0x**	**7.6x**	**8.4x**	**7.9x**
Net Book Value Per Common Share [3]	**$31.64**	**$32.49**	**$29.41**	**$29.06**	**$27.71**

1. Unaudited except for 12/31/2011
2. Leverage calculated as sum of repurchase agreements, net payable/receivable for agency securities not yet settled and other debt divided by total stockholders' equity
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

Net Book Value Roll Forward

(In millions, except per share data) (Unaudited)	Balance	Common Shares Outstanding	Net Book Value per Common Share
Sept 30, 2012 Net Common Equity [1]	**$11,100**	**341.6**	**$32.49**
Net Income	810		
Other Comprehensive Loss	(684)		
Dividend on Common Stock	(424)		
Dividend on Preferred Stock	(3)		
Balance before Capital Transactions	10,798	341.6	$31.61
Repurchase of Common Stock	(77)	(2.7)	$29.00
Dec 31, 2012 Net Common Equity	**$10,722**	**338.9**	**$31.64**

American Capital Agency

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)

Fixed Rate Agency Securities Portfolio

$ in millions - as of December 31, 2012

MBS Coupon (1)(2)	Par Value	Market Value	% Lower Loan Balance / HARP (5)	Amortized Cost Basis	Average WAC (3)	Average Age (Months)	Actual 1 Month CPR (4)
≤15 YR Mortgage Securities							
≤ 2.5%	$11,483	$12,014	18%	104.3%	3.01%	3	5%
3.0%	1,787	1,910	97%	104.0%	3.45%	12	8%
3.5%	6,409	6,888	93%	103.0%	3.93%	21	15%
4.0%	7,709	8,323	85%	104.4%	4.40%	25	22%
4.5%	763	831	98%	105.0%	4.86%	28	18%
5.0%	4	4	100%	104.7%	5.39%	34	85%
≥ 5.5%	8	9	0%	104.3%	6.82%	70	10%
Subtotal	$28,163	$29,979	61%	104.1%	3.68%	15	13%
20 YR Mortgage Securities							
3.0%	$938	$987	1%	104.7%	3.60%	4	5%
3.5%	315	338	49%	104.7%	4.04%	10	13%
4.0%	113	123	45%	104.5%	4.52%	16	20%
4.5%	141	158	96%	106.9%	4.89%	26	16%
5.0%	5	5	0%	104.2%	5.46%	38	37%
6.0%	5	5	0%	109.3%	6.43%	74	58%
Subtotal	$1,517	$1,616	23%	104.9%	3.90%	8	9%
30 YR Mortgage Securities							
3.0%	$3,675	$3,863	58%	105.2%	3.58%	3	2%
3.5%	20,005	21,579	89%	105.9%	4.01%	7	5%
4.0%	17,790	19,605	96%	106.5%	4.46%	13	11%
4.5%	5,163	5,706	85%	106.0%	4.94%	22	19%
5.0%	731	803	59%	106.4%	5.41%	41	22%
5.5%	262	288	50%	108.3%	6.02%	73	23%
≥ 6.0%	179	196	3%	107.9%	6.72%	70	38%
Subtotal	$47,805	$52,040	88%	106.1%	4.29%	12	9%
Total Fixed	**$77,485**	**$83,635**	**77%**	**105.3%**	**4.06%**	**13**	**10%**

1. Table excludes TBA and forward settling securities of $8.7 billion 15-year securities and $4.2 billion 30-year securities, at fair value
2. The weighted average coupon on the fixed rate securities held as of Dec 31, 2012 was 3.58%
3. Average WAC represents the weighted average coupon of the underlying collateral
4. Actual 1 month annualized CPR published during Jan 2013 for agency securities held as of Dec 31, 2012
5. Lower loan balance securities defined as pools backed by max original loan balances of up to $150 K. HARP securities defined as pools backed by 100% refinance loans with original LTVs ≥ 80%.

Hybrid ARM Securities Portfolio

$ in millions - as of December 31, 2012

New Issue Hybrid ARMs (2009/2010/2011/2012 Vintage)

Type	Par Value	Market Value	Amortized Cost Basis	Average MBS Coupon	Average Age [1]	% Interest Only	1 Month CPR [2]
FH/FN 5/1	$9	$9	102.7%	3.55%	36	0%	62%
GN 5/1	229	245	104.3%	3.72%	23	0%	30%
FH/FN 7/1	145	154	103.2%	3.65%	25	24%	30%
GN 7/1	2	2	104.3%	4.00%	29	0%	0%
FH/FN 10/1	125	133	103.7%	3.97%	29	14%	48%
Subtotal	$510	$543	103.8%	3.76%	25	10%	36%
Seasoned Hybrid ARMs (Pre 2009 Vintage)							
≤ 4.0%-4.9%	$268	$284	102.2%	4.48%	71	11%	48%
5.0%-5.9%	50	54	104.9%	5.55%	68	49%	26%
≥ 6.0%	9	10	103.1%	6.12%	71	66%	35%
Subtotal	$327	$348	102.6%	4.69%	70	19%	44%
Total ARMs	$837	$891	103.4%	4.12%	43	14%	39%

Reset	Market Value	% Total	Average Reset	Average Coupon
0-23 Months	$305	24%	13	4.48%
24-35 Months	211	34%	83	3.84%
36-60 Months	105	12%	26	4.57%
> 60 Months	270	30%	50	3.77%
Total	**$891**	**100%**	**42**	**4.12%**

Index	% Total
LIBOR	57%
CMT / MTA	43%
COFI / Other	--%
Total	**100%**

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1. Average age in months
2. Actual 1 month annualized CPR published during Jan 2013 for agency securities held as of Dec 31, 2012

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 4% of our equity is at risk with any one counterparty
- Less than 16% of our equity is at risk with the top 5 counterparties

Counterparty Region	Number of Counterparties	Percent of Repo Funding
North America	17	58%
Asia	5	14%
Europe	10	28%
Total	32	100%

Counterparty Region	Counterparty Rank	Counterparty Exposure as a % of NAV (1)(2)
North America	1	3.27%
	2	3.25%
	3	3.17%
	4	2.39%
	5	1.54%
	6-17	8.18%
Asia	1	1.64%
	2	1.47%
	3	0.80%
	4	0.76%
	5	0.57%
Europe	1	3.39%
	2	1.93%
	3	1.72%
	4	1.53%
	5	0.98%
	6-10	1.93%

Total Exposure	38.53%
Top 5 Exposure	15.47%

Note: All figures as of December 31, 2012

1. Excludes $0.9 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

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
(based on instantaneous parallel change in interest rates)

Interest Rate Shock (bps)	Estimated Change in Portfolio Market Value (1)	Estimated Change Equity NAV (2)
-100	-1.8%	-15.1%
-50	-0.7%	-5.5%
50	-0.2%	-2.0%
100	-1.1%	-9.1%

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 28 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
2. Estimated dollar change in value expressed as a percent of net common equity or NAV per common share

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.