

AMERICAN CAPITAL AGENCY CORP.
AUDIT COMMITTEE CHARTER

Amended through July 26, 2011

ORGANIZATION

This charter governs the operations of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of American Capital Agency Corp., a Delaware corporation (the "Company"). The Committee shall review and reassess the charter at least annually and obtain the approval of the Board for any changes to this charter. The Committee shall be appointed and its chair shall be designated by the Board and shall comprise at least three directors, each of whom will be an independent director, as independence is defined in the applicable rules and standards of the Securities and Exchange Commission (the "SEC") and The NASDAQ Stock Market. All Committee members shall be financially literate, or shall become financially literate within a reasonable period of time after appointment to the Committee, and at least one member shall have accounting or related financial management expertise. Committee members shall also meet such other eligibility requirements as are established by the SEC and The NASDAQ Stock Market.

STATEMENT OF POLICY

The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to the stockholders, potential stockholders and the investment community, relating to the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function as may be established from time to time, the annual independent audit of the Company's financial statements and the legal compliance and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, the internal auditors and management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the power to retain outside counsel, or other experts for this purpose.

RESPONSIBILITIES AND PROCESSES

The primary responsibilities of the Committee are (i) to oversee the Company's financial reporting process on behalf of the Board and report the results of their activities to the Board and (ii) to oversee the Company's legal and accounting compliance activities. Management is responsible for preparing the Company's financial statements and the independent auditors are responsible for auditing those financial statements. The

Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to establish or reinforce the overall corporate environment for quality financial reporting, sound business risk practices, legal compliance and ethical behavior.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

1. *Engagement of Independent Auditors.* The Committee shall directly appoint, retain, determine the compensation of, evaluate and terminate the Company's independent auditors. The Committee shall have the sole authority to approve all engagement fees to be paid to the independent auditors. The independent auditors shall report directly to the Committee.
2. *Determination as to Independence and Performance of Independent Auditors.* The Committee shall receive periodic reports from the independent auditors as required by the Independence Standards Board (or any successor body) regarding the auditors' independence, which shall be not less frequently than annually. The Committee shall discuss such reports with the auditors, and if so determined by the Committee, take appropriate action to satisfy itself of the independence of the auditors. The Committee shall review the performance of the Company's independent auditors annually. In doing so, the Committee shall consult with management and, if such exist, the Company's internal auditors and may, at their option, obtain and review a report by the independent auditors describing their internal control procedures, material issues raised by their most recent internal quality control review or peer review (if applicable), or by any inquiry or investigation by governmental or professional authorities within the preceding five years and the response of the independent auditors. Any selection of the auditors by the Committee may be subject to stockholders' approval, as determined by the Board and subject to applicable laws and regulations.
3. *Determination as to Performance of Internal Auditors.* With respect to any internal audit services that may be outsourced, the Committee shall be responsible for the engagement, evaluation and termination of the internal audit service providers and shall approve fees to be paid to the internal audit service providers. The Committee shall annually review the experience and qualifications of the senior members of the internal audit function and the quality control procedures of the internal auditors.
4. *Audits by Independent and Internal Auditors.* The Committee shall discuss with the independent auditors, any internal auditors and any internal audit service providers (as may be engaged from time to time) the overall scope, plans and

budget for their respective audits, including the adequacy of staffing and other factors that may affect the effectiveness and timeliness of such audits. In this connection, the Committee shall, if applicable, discuss with financial management, the independent auditors and any internal audit service providers the Company's major risk exposures (whether financial, operating or otherwise), the adequacy and effectiveness of the accounting and financial controls and the steps financial management has taken to monitor and control such exposures and manage legal compliance programs, among other considerations that may be relevant to their respective audits.

5. *Review of Internal Controls.* The Committee shall review with financial management and the independent auditors management's annual internal control report, if applicable, including any attestation of same by the independent auditors. The internal audit service providers or management shall report periodically to the Committee regarding any significant deficiencies in the design or operation of the Company's internal controls, material weaknesses in internal controls and any fraud (regardless of materiality) involving persons having a significant role in the internal controls, as well as any significant changes in internal controls implemented by management during the most recent reporting period of the Company.
6. *Pre-Approval of Audit and Non-Audit Services.* The Committee shall establish and maintain guidelines for the retention of the independent auditors for any non-audit service and the fee for such service and shall determine procedures for the approval of audit and non-audit services in advance. The Committee shall, in accordance with such procedures, approve in advance any audit or non-audit service provided to the Company by the independent auditors, all as required by applicable law or listing standards.
7. *Review of Annual SEC Filings.* The Committee shall review with management and the independent auditors the Company's Annual Report on Form 10-K, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements and the adequacy of internal controls. The Committee shall also discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards. Based on such review and discussion, the Committee shall make a determination whether to recommend to the Board that the audited financial statements be included in the Company's Form 10-K.
8. *Review of Quarterly SEC Filings and Other Communications.* The Committee shall review and, as appropriate, discuss with management and the independent

auditors the quarterly financial information to be included in the Company's Quarterly Reports on Form 10-Q, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and shall discuss any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards. As appropriate, the Committee shall also review and discuss the Company's earnings press releases and other communications of financial information to outside parties.

9. *Review of Disclosure Controls and Procedures.* The Committee shall review with the Chief Executive Officer, the Chief Financial Officer and the Secretary the Company's disclosure controls and procedures and shall review periodically, but in no event less frequently than quarterly, management's conclusions about the effectiveness of such disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.
10. *Review of Certain Matters with Independent and Internal Auditors.* The Committee shall review periodically with financial management, the independent auditors and the internal auditors the effect of new or proposed regulatory and accounting standards or regulations on the Company's financial statements and other public disclosures.
11. *Consultation with Independent Auditors.* The Committee shall review with the independent auditors any serious difficulties the auditors may have encountered in connection with the annual audit or otherwise, any management letters provided to the Committee and the Company's responses. Such review shall address any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, any disagreements with management regarding generally accepted accounting principles and other matters, material adjustments to the financial statements recommended by the independent auditors and adjustments that were proposed but "passed," regardless of materiality.
12. *Preparation of Report for Proxy Statement.* The Committee shall prepare the report required to be included in the Company's annual proxy statement, all in accordance with applicable rules and regulations
13. *Employment of Former Audit Staff.* The Committee shall establish and maintain guidelines for the Company's hiring of former employees of the independent auditors, which shall meet the requirements of applicable law and listing standards.

14. *"Whistleblowing" Procedures.* The Committee shall review the procedures established by the Secretary for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
15. *Review of Legal and Regulatory Compliance.* The Committee shall periodically review with management, including the Secretary and the independent auditors any correspondence with, or other action by, regulators or governmental agencies and any employee complaints or published reports that raise concerns regarding the Company's financial statements, accounting or auditing matters or compliance with the Company's Code of Ethics. The Committee shall also meet periodically, and may request to meet separately, with the Secretary and other appropriate legal staff of the Company to review material legal affairs of the Company and the Company's compliance with applicable law and listing standards, including laws and regulations applicable to the Company as a real estate investment trust for Federal income tax purposes.
16. *Review of Certain Transactions with Directors and Related Parties.*
 - a. The Committee shall be responsible for approving any transaction between the Company and/or any of its subsidiaries on the one hand and American Capital Agency Management, LLC (the "Manager") and/or any of its affiliates on the other hand, including, but not limited to American Capital, Ltd. ("ACAS") after a review by the full Board in accordance with the fifth (5th) Investment Guideline contained in Exhibit A of the Management Agreement between the Company and the Manager.
 - b. Without limiting the generality of responsibilities of the Committee set forth in clause (a) above, the Committee shall review periodically, but no less frequently than annually, a summary of the Company's transactions with directors and executive officers of the Company and with firms that employ directors, as well as any other material related party transactions, for the purpose of recommending to the disinterested members of the Board that the transactions are fair, reasonable and within Company policy, and should be ratified and approved.
17. *Review of Compliance with Code of Ethics.* The Committee shall review annually a summary of the compliance with the Company's Code of Ethics by each of the Company's directors, executive officers, employees (if any) and independent contractors, the Manager, the Manager's officers, the Manager's employees (if any) and the employees of ACAS who provide services to the Manager or the Company. The Committee shall be responsible for determining whether and on

what terms to grant to any director or executive officer a waiver from the Company's Code of Ethics.

18. *Review of Executive Expense Policies and Payments.* The Committee shall review regularly the Company's management agreement with the Manager with regard to the reimbursement of expenses incurred by the Manager and, as appropriate, the requests for reimbursement, or summaries thereof, submitted by the Manager.
19. *Access to Records, Consultants and Others.* The Committee shall have the full resources and authority (i) to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company; (ii) to retain outside legal, accounting or other consultants to advise the Committee; and (iii) to request any officer of the Company, the Company's outside counsel, internal auditor, internal audit service providers or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
20. *Other Duties.* The Committee shall also carry out such other duties as may be delegated to it by the Board from time to time.
21. *Delegation.* The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.

Adopted by Board of Directors on May 12, 2008, as amended by the Board of Directors on July 26, 2011