

American Capital Agency Corp
Form 424B5
August 10, 2009
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The information in this prospectus supplement is not complete and may be changed or supplemented. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities, nor are they a solicitation of an offer to buy these securities, in any jurisdiction where the offer or sale of these securities is not permitted.

Filed pursuant to Rule 424(b)(5)
Registration No. 333-159650

SUBJECT TO COMPLETION, DATED AUGUST 10, 2009

PROSPECTUS SUPPLEMENT

(To prospectus dated July 13, 2009)

3,250,000 Shares
Common Stock

This is a public offering of common stock of American Capital Agency Corp. We are offering 3,250,000 shares of our common stock. Our common stock is listed on The NASDAQ Global Market under the symbol AGNC. On August 7, 2009, the last reported sale price of our common stock was \$24.56 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-3 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

We have granted the underwriters a 30-day option to purchase from us up to 487,500 additional shares of our common stock at the public offering price, less the underwriting discount, to cover overallocments.

The underwriters expect to deliver the shares of common stock on or about August , 2009.

Citi

Deutsche Bank Securities

Credit Suisse

JMP Securities

UBS Investment Bank

The date of this prospectus supplement is August , 2009.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and the securities offered hereby, and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference into this prospectus supplement and the base prospectus. The second part, the base prospectus, gives more general information and disclosure. When we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control. This prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference include important information about us, the common stock being offered and other information you should know before investing. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading, *Where You Can Find More Information* before investing in our common stock.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale thereof is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, contain forward looking statements that are subject to risks and uncertainties. These forward looking statements include information about possible or assumed future results of our business and our financial condition, liquidity, results of operations, plans and objectives. They also include, among other things, statements concerning anticipated revenues, income or loss, capital expenditures, dividends, capital structure, or other financial terms, as well as statements regarding subjects that are forward looking by their nature, such as:

our business and financing strategy;

our ability to obtain future financing arrangements;

our understanding of our competition and our ability to compete effectively;

our projected operating results;

market and industry trends;

estimates relating to our future dividends;

projected capital expenditures;

our hedging activities;

interest rates; and

the impact of technology on our operations and business.

The forward looking statements are based on our beliefs, assumptions, and expectations of our future performance, taking into account the information currently available to us. These beliefs, assumptions, and expectations may change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, and results of operations may vary materially from those expressed in our forward looking statements. You should carefully consider these risks when you make a decision concerning an investment in our common stock, along with the following factors, among others, that may cause actual results to vary from our forward looking statements:

the factors incorporated by reference into this prospectus supplement and the accompanying prospectus;

general volatility of the securities markets in which we invest and the market price of our common stock;

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our lack of operating history;

our reliance on our external Manager, American Capital Agency Management, LLC, or our Manager;

changes in our business or investment strategy;

changes in interest rate spreads or the yield curve;

availability, terms and deployment of debt and equity capital;

availability of qualified personnel;

the degree and nature of our competition;

increased prepayments of the mortgage loans underlying our agency securities;

risks associated with our hedging activities;

changes in governmental regulations, tax rates and similar matters;

defaults on our investments;

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changes in U.S. generally accepted accounting principles;

legislative and regulatory changes (including changes to laws governing the taxation of real estate investment trusts, or REITs);

availability of investment opportunities in agency securities;

our ability to qualify and maintain our qualification as a REIT for federal income tax purposes and limitations imposed on our business by our status as a REIT;

general volatility in capital markets;

the adequacy of our cash reserves and working capital;

the timing of cash flows, if any, from our investment portfolio; and

other risks associated with investing in agency securities, including changes in our industry, interest rates, the debt securities markets, the general economy or the finance and real estate markets specifically.

When we use words such as will likely result, plan, may, shall, believe, expect, anticipate, project, intend, estimate, goal, expressions, we intend to identify forward looking statements. You should not place undue reliance on these forward looking statements, which apply only as of the date of this prospectus supplement. We do not intend to and we disclaim any duty or obligation to update or revise any industry information or forward looking statement set forth in this prospectus supplement to reflect new information, future events, or otherwise, except as required under U.S. federal securities laws.

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PROSPECTUS SUPPLEMENT SUMMARY

*The following summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that is important to you. Before making a decision to invest in our common stock, you should carefully read this entire prospectus supplement and the accompanying prospectus, including the risks set forth under the caption **Risk Factors** in this prospectus supplement and in the documents incorporated by reference herein, and the information set forth under the caption **Where You Can Find More Information** on page S-10.*

*Except where the context suggests otherwise, all references to **we**, **our** and **us** in this prospectus supplement refer to American Capital Agency Corp. and its subsidiary. Unless indicated otherwise, the information in this prospectus supplement assumes that (i) the common stock to be sold in this offering will be sold at \$24.56 per share, the last reported sale price of our common stock on the Nasdaq Global Market on August 7, 2009 and (ii) the underwriters' over-allotment option is not exercised.*

Our Company

We invest exclusively in single-family residential mortgage pass-through securities and collateralized mortgage obligations on a leveraged basis. These investments consist of securities for which the principal and interest payments are guaranteed by government sponsored entities such as the Federal National Mortgage Association, or Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac, or by a U.S. Government agency such as the Government National Mortgage Association, or Ginnie Mae. We refer to these securities as agency securities and to the securities we own as our investment portfolio.

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, commencing with our taxable year ended December 31, 2008. As long as we qualify as a REIT, we generally will not be subject to federal income taxes on our taxable income to the extent that we annually distribute all of our taxable income to stockholders.

We are externally managed by American Capital Agency Management, LLC, which we refer to as our Manager. Our Manager is a subsidiary of a wholly owned portfolio company of American Capital, Ltd., or American Capital, an investment company and alternative asset manager that is listed on The NASDAQ Global Select Market under the symbol **ACAS**. Because we have no employees, our Manager is responsible for administering our business activities and day-to-day operations, subject to the supervision of our Board of Directors.

Our principal objective is to generate net income for distribution to our stockholders through regular quarterly dividends from our net interest income, which is the spread between the interest income earned on our investment portfolio and the interest costs of our borrowings and hedging activities. We fund our investments through short-term borrowings structured as repurchase agreements. Since our initial public offering on May 20, 2008, we have paid dividends to our stockholders of \$72.9 million in the aggregate.

Our Corporate Information

We are a Delaware corporation formed on January 7, 2008. We commenced operations on May 20, 2008 upon completion of our initial public offering. Our principal place of business is located at 2 Bethesda Metro Center, 14th Floor, Bethesda, Maryland 20814, and our telephone number is (301) 968-9300. We maintain a website that can be accessed at <http://www.AGNC.com>. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus supplement or any other report or document we file with or furnish to the Securities and Exchange Commission, or the SEC.

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THE OFFERING

Issuer	American Capital Agency Corp.
Common stock offered by us	3,250,000 shares (plus up to an additional 487,500 shares of our common stock that we may issue and sell upon the exercise of the underwriters' overallotment option in full).
Common stock to be outstanding after this offering	18,259,100 shares (or 18,746,600 shares if the underwriters exercise their overallotment option in full), based upon 15,009,100 shares of common stock outstanding as of July 31, 2009. ⁽¹⁾
NASDAQ trading symbol	AGNC
Use of proceeds	We intend to use the net proceeds of this offering, in conjunction with borrowings under our master repurchase agreements, consistent with our leverage threshold, to buy agency securities and for general corporate purposes.

⁽¹⁾ Includes an aggregate of 9,000 shares of restricted common stock that have been granted to our three independent directors under the American Capital Agency Corp. Equity Incentive Plan for Independent Directors as of July 31, 2009.

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USE OF PROCEEDS

Based on an assumed offering price of \$24.56 per share, we estimate that the net proceeds to us from this offering of our common stock will be approximately \$75.7 million, or \$87.1 million if the underwriters' overallotment option is exercised in full, after deducting the underwriting discount and estimated offering expenses payable by us. A \$1.00 increase (decrease) in the assumed offering price of \$24.56 per share would increase (decrease) net proceeds to us from this offering by approximately \$3.1 million, assuming the number of shares offered by us as set forth on the cover page of this prospectus supplement remains the same, after deducting the underwriting discount and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering, in conjunction with borrowings under our master repurchase agreements consistent with our leverage threshold, to buy agency securities and for general corporate purposes. Depending on the availability of our targeted investments in agency securities following the closing of this offering, we may temporarily invest the net proceeds in readily marketable, short-term, interest-bearing investments, including money market accounts, which are consistent with maintaining our qualification as a REIT. These temporary investments are expected to provide a lower net return than we hope to achieve from our targeted investments in agency securities.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described on page 18 of our Annual Report on Form 10-K for the period from May 20, 2008 (commencement of operations) through December 31, 2008, on page 34 of our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2009 and on page 37 of our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2009 (which reports are incorporated by reference herein), our future periodic reports as well as the other information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, any other prospectus supplement hereto and any related free writing prospectus before making a decision to invest in our common stock. These risks and uncertainties are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. Please see the sections entitled "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference".

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DISTRIBUTIONS

The following table sets forth the cash distributions declared per share of common stock during each fiscal quarter of our current fiscal year and our last fiscal year since our initial public offering on May 20, 2008.

	Cash Distributions Declared Per Share Of Common Stock
2009	
Second quarter	\$ 1.50
First quarter	\$ 0.85
2008	
Fourth quarter	\$ 1.20
Third quarter	\$ 1.00
Second quarter ⁽¹⁾	\$ 0.31

⁽¹⁾ May 20, 2008 (commencement of operations) through June 30, 2008.

Please see the section entitled "Federal Income Tax Considerations - Annual Distribution Requirements" beginning on page 22 of the accompanying prospectus for more information on our annual distribution requirements as a REIT.

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The following table sets forth our capitalization as of June 30, 2009 (i) on a historical basis and (ii) as adjusted for the sale of 3,250,000 shares of our common stock at an assumed offering price of \$24.56 per share and application of the net proceeds as described under "Use of Proceeds". This presentation should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements in our Annual Report on Form 10-K for the period from May 20, 2008 (commencement of operations) through December 31, 2008 and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009 that we are incorporating by reference into this prospectus supplement and the accompanying prospectus.

	As of June 30, 2009	
	Actual	As Adjusted for this
	(unaudited)	offering⁽¹⁾
	(in thousands, except share data)	
Assets:		
Cash and cash equivalents	\$ 69,226	\$ 144,955
Stockholders' equity:		
Preferred stock: par value \$.01 per share; 10,000,000 shares authorized, none issued and outstanding		
Common stock: par value \$.01 per share; 150,000,000 shares authorized, 15,004,600 and 18,254,600 shares issued and outstanding on an actual and adjusted basis, respectively ⁽²⁾	150	183
Additional paid-in capital	285,932	361,628
Retained earnings	9,106	9,106
Accumulated other comprehensive income	16,255	16,255
Total stockholders' equity⁽²⁾	\$ 311,443	\$ 387,172

⁽¹⁾ A \$1.00 increase (decrease) in the assumed initial public offering price of \$24.56 per share would increase (decrease) net proceeds to us from this offering by approximately \$3.1 million, assuming the number of shares offered by us as set forth on the cover page of this prospectus supplement remains the same, after deducting the underwriting discount and estimated offering expenses payable by us.

⁽²⁾ Since June 30, 2009, we have issued 4,500 shares of restricted stock to our three independent directors under the American Capital Agency Corp. Equity Incentive Plan for Independent Directors.

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UNDERWRITING

Subject to the terms and conditions of the underwriting agreement, the underwriters named below, through their representatives Deutsche Bank Securities Inc. and Citigroup Global Markets Inc., have severally agreed to purchase from us the following respective number of shares of common stock at the public offering price less the underwriting discount set forth on the cover page of this prospectus supplement:

Underwriters	Number of Shares
Citigroup Global Markets Inc.	
Deutsche Bank Securities Inc.	
Credit Suisse Securities (USA) LLC	
JMP Securities LLC	
UBS Securities LLC	
Total	3,250,000

The underwriting agreement provides that the obligations of the several underwriters to purchase the shares of common stock offered hereby are subject to certain conditions precedent and that the underwriters will purchase all of the shares of common stock offered by this prospectus supplement, other than those covered by the overallotment option described below, if any of these shares are purchased.

We have been advised by the representatives of the underwriters that the underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover of this prospectus supplement and to dealers at a price that represents a concession not in excess of \$ _____ per share under the public offering price. The underwriters may allow, and these dealers may re-allow, a concession of not more than \$ _____ per share to other dealers. If all the shares are not sold at the public offering price, the representatives of the underwriters may change the offering price and other selling terms.

We have granted to the underwriters an option, exercisable on a single date not later than 30 days after the date of this prospectus, to purchase up to 487,500 additional shares of common stock at the public offering price less the underwriting discount set forth on the cover page of this prospectus supplement. The underwriters may exercise this option only to cover overallotments made in connection with the sale of the common stock offered by this prospectus supplement. To the extent that the underwriters exercise this option, each of the underwriters will become obligated, subject to conditions, to purchase approximately the same percentage of these additional shares of common stock as the number of shares of common stock to be purchased by such underwriter in the above table bears to the total number of shares of common stock offered by this prospectus supplement. We will be obligated, pursuant to the option, to sell these additional shares of common stock to the underwriters to the extent the option is exercised. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting discount per share is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. We have agreed to pay the underwriters the following discount, assuming either no exercise or full exercise by the underwriters of the underwriters' overallotment option:

	Fee per Share	Total Fees	
		Without Exercise of Over-Allotment Option	With Full Exercise of Over-Allotment Option
Discount paid by us	\$	\$	\$

In addition, we estimate that our share of the total expenses of this offering, excluding the underwriting discount, will be approximately \$300,000.

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We have agreed to indemnify the underwriters against some specified types of liabilities, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

Our Manager, American Capital and each of our officers and directors will agree not to offer, sell, contract to sell or otherwise dispose of, or enter into any transaction that is designed to, or could be expected to, result in the disposition of any shares of our common stock or other securities convertible into or exchangeable or exercisable for shares of our common stock or derivatives of our common stock owned by these persons prior to this offering or common stock issuable upon exercise of options or warrants held by these persons for a period of 60 days after the date of this prospectus supplement without the prior written consent of Deutsche Bank Securities Inc. and Citigroup Global Markets Inc. This consent may be given at any time without public notice. Transfers or dispositions can be made during the lock-up period in the case of gifts or for estate planning purposes where the donee signs a lock-up agreement. We have entered into a similar agreement with the representatives of the underwriters, except that without such consent we may (i) grant options and sell shares pursuant to our existing employee benefit plans and any non-employee director stock plans, (ii) issue or sell shares of our common stock under a direct stock purchase plan, and (iii) issue shares of our common stock in connection with any dividend reinvestment plan. There are no present agreements between the representatives and us or any of our affiliates releasing us or them from these lock-up agreements prior to the expiration of the 60-day period.

The representatives of the underwriters has advised us that the underwriters do not intend to confirm sales to any account over which it exercises discretionary authority.

In connection with the offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions.

Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares of common stock from us in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option.

Naked short sales are any sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if underwriters are concerned that there may be downward pressure on the price of the shares in the open market prior to the completion of the offering.

Stabilizing transactions consist of various bids for or purchases of our common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may impose a penalty bid. This occurs when a particular underwriter repays to the other underwriters a portion of the underwriting discount received by it because the representatives of the underwriters have repurchased shares sold by or for the account of that underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of our common stock. Additionally, these purchases, along with the imposition of a penalty bid, may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The NASDAQ Global Market, in the over-the-counter market or otherwise.

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A prospectus in electronic format is being made available on Internet web sites maintained by one or more of the underwriters of this offering and may be made available on web sites maintained by other underwriters. Other than the prospectus in electronic format, the information on any underwriter's web site and any information contained in any other web site maintained by an underwriter is not part of the prospectus supplement or the registration statement of which the prospectus supplement forms a part.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) an offer of the shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any shares may be made at any time under the following exemptions under the Prospectus Directive if they have been implemented in the Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each of the underwriters acknowledges and agrees that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). The shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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In the ordinary course of business, the underwriters or their affiliates have engaged and may in the future engage in various financing, commercial banking and investment banking services with, and provide financial advisory services to, us and our affiliates, for which they have received or may receive customary fees and expenses. Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC and UBS Securities LLC have acted as underwriters and/or financial advisors on a number of equity and/or debt offerings by American Capital. Affiliates of Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and UBS Securities LLC are lenders under American Capital's unsecured revolving line of credit. We have entered into master repurchase agreements with Deutsche Bank Securities Inc. and Citigroup Global Markets Inc., as well as ISDA Master Agreements with an affiliate of Deutsche Bank Securities Inc. and an affiliate of Credit Suisse Securities (USA) LLC. We have also entered into repurchase agreements with Credit Suisse Securities (USA) LLC and UBS Securities LLC. Additionally, Credit Suisse Securities (USA) LLC is party to a Master Securities Forward Transaction Agreement with us, and an affiliate of Deutsche Bank Securities Inc. is the counterparty to an ISDA Master Agreement entered into by our taxable REIT subsidiary, American Capital Agency TRS, LLC.

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LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Hunton & Williams LLP.

EXPERTS

The consolidated financial statements of American Capital Agency Corp. appearing in American Capital Agency Corp.'s Annual Report on Form 10-K for the period from May 20, 2008 (commencement of operations) through December 31, 2008 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports or other information that we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington D.C. 20549. You may also receive copies of these documents upon payment of a duplicating fee, by writing to the SEC's Public Reference Room. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room in Washington D.C. and other locations. Our SEC filings are also available to you, free of charge, on the SEC's website at <http://www.sec.gov>. You may also obtain additional information by visiting our website at <http://www.AGNC.com>. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of this prospectus supplement or any other report or document we file with or furnish to the SEC.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus supplement which has been previously filed, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, except for any information superseded by information included or incorporated by reference in this prospectus supplement. We have filed the documents listed below with the SEC (File No. 001-34057) under the Exchange Act and these documents are incorporated herein by reference:

our Annual Report on Form 10-K for the period from May 20, 2008 through December 31, 2008 filed on February 17, 2009, and Amendment No. 1 thereto on Form 10-K/A filed on June 26, 2009;

our Definitive Proxy Statement on Schedule 14A filed on March 12, 2009;

our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2009 filed on May 6, 2009;

our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2009 filed on July 31, 2009;

our Current Reports on Form 8-K filed on January 15, 2009 and July 20, 2009; and

the description of our common stock set forth in our registration statement on Form 8-A filed on May 9, 2008, and any amendment or report filed for the purpose of updating such description.

All documents that we file (but not those that we furnish) with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the initial registration statement of which this prospectus supplement is a part and prior to effectiveness of the registration statement will be deemed to be incorporated by reference into this prospectus supplement and will automatically update and supersede the information in this prospectus supplement and any previously filed document. In addition, all documents that we file (but not those that we furnish) with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of the offering of shares hereby will be deemed to be incorporated by reference into this prospectus supplement and will automatically update and supersede the information in this prospectus supplement and any previously filed document.

We will provide to each person, including any beneficial owner, to whom a copy of this prospectus supplement is delivered, a copy of any or all of the information that has been incorporated by reference in this prospectus supplement but not delivered with this prospectus supplement (other than the exhibits to such documents which are not specifically incorporated by reference herein); we will provide this information at no cost to the requester upon written or oral request to American Capital Agency Corp., 2 Bethesda Metro Center, 14th Floor, Bethesda, Maryland 20814, telephone number (301) 968-9300.

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PROSPECTUS

\$750,000,000

Common Stock

Preferred Stock

2,500,000 Shares

Common Stock

We may offer, issue and sell, from time to time, up to \$750,000,000 of shares of our common stock and preferred stock, in one or more offerings. The selling stockholder named in this prospectus may also sell up to 2,500,000 shares of our common stock under this prospectus and any prospectus supplement (these shares, collectively with those shares of common stock and preferred stock we may issue, are the Securities).

The Securities may be offered separately or together in amounts and at prices and on terms to be disclosed in one or more supplements to this prospectus. We may describe the terms of these offerings in a term sheet that will precede the prospectus supplement. You should read this prospectus and any supplement carefully before you decide to invest. This prospectus may not be used to consummate sales of any Securities unless it is accompanied by a prospectus supplement.

In the prospectus supplement relating to sales by the selling stockholder, we will identify the number of shares of our common stock that the selling stockholder will be selling. Our common stock is listed on The NASDAQ Global Market under the symbol AGNC. As of July 8, 2009, the last reported sales price for our common stock was \$21.79 per share.

Our amended and restated certificate of incorporation contains certain restrictions relating to the ownership and transfer of both our common stock and our capital stock, including a 9.8% ownership limit. These ownership limitations are intended to assist us in qualifying and maintaining our qualifications as a real estate investment trust.

Investing in our Securities involves significant risks. You should carefully consider these risks together with all of the other information contained in this prospectus and any prospectus supplement before making a decision to purchase our Securities. See Risk Factors beginning on page 4 of this prospectus.

The Securities may be sold directly by us or the selling stockholder to investors, through agents designated from time to time or to or through underwriters or dealers. For additional information on the methods of sale, you should refer to the section in this prospectus entitled Plan of Distribution. If any underwriters are involved in the sale of any Securities with respect to which this prospectus is being delivered, the names of such underwriters and any applicable commissions or discounts will be set forth in the prospectus supplement. The net proceeds that we expect

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to receive from such sale will also be set forth in the prospectus supplement. We will not receive any of the proceeds from the sale of common stock that may be sold by the selling stockholder.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 13, 2009.

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You should rely only on the information contained in this prospectus and any applicable prospectus supplement. We have not authorized anyone to provide you with different or additional information. This prospectus and any applicable prospectus supplement does not constitute an offer to sell, or a solicitation of an offer to purchase, the Securities offered by such documents in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front cover of such documents. Neither the delivery of this prospectus or any applicable prospectus supplement nor any distribution of Securities pursuant to such documents shall, under any circumstances, create any implication that there has been no change in the information set forth in this prospectus or any applicable prospectus supplement or in our affairs since the date of this prospectus or any applicable prospectus supplement.

*This prospectus contains, and any applicable prospectus supplement may contain, summaries of certain provisions contained in some of the documents described herein and therein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to have been filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part and you may obtain copies of those documents as described below under **Where You Can Find More Information**.*

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf registration process, we may sell any combination of the Securities in one or more offerings up to a total dollar amount of \$750,000,000. In addition, the selling stockholder named herein may sell up to 2,500,000 shares of our common stock under our shelf registration statement. This prospectus provides you with a general description of the Securities that we or the selling stockholder may offer. Each time that we or the selling stockholder sell Securities under this shelf registration statement, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus, together with applicable prospectus supplements, includes all material information relating to this offering. Please carefully read both this prospectus and any prospectus supplement together with the additional information described below under [Where You Can Get More Information](#).

The SEC allows us to incorporate by reference information that we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. You should rely only on the information we have provided or incorporated by reference in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with information different from that contained in this prospectus. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representation. This prospectus is an offer to sell only the Securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information in this prospectus or any prospectus supplement is accurate only as of the date on the front of the document and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since that date.

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FORWARD LOOKING STATEMENTS

We make forward looking statements in this prospectus that are subject to risks and uncertainties. These forward looking statements include information about possible or assumed future results of our business and our financial condition, liquidity, results of operations, plans and objectives. They also include, among other things, statements concerning anticipated revenues, income or loss, capital expenditures, dividends, capital structure, or other financial terms, as well as statements regarding subjects that are forward looking by their nature, such as:

our business and financing strategy;

our ability to deploy effectively and timely the net proceeds of this offering;

our ability to obtain future financing arrangements;

our understanding of our competition and our ability to compete effectively;

our projected operating results;

market and industry trends;

estimates relating to our future dividends;

projected capital expenditures;

our hedging activities;

interest rates; and

the impact of technology on our operations and business.

The forward looking statements are based on our beliefs, assumptions, and expectations of our future performance, taking into account the information currently available to us. These beliefs, assumptions, and expectations may change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, and results of operations may vary materially from those expressed in our forward looking statements. You should carefully consider these risks when you make a decision concerning an investment in our common stock, along with the following factors, among others, that may cause actual results to vary from our forward looking statements:

the factors referenced in this prospectus, including those set forth under the section captioned Risk Factors;

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