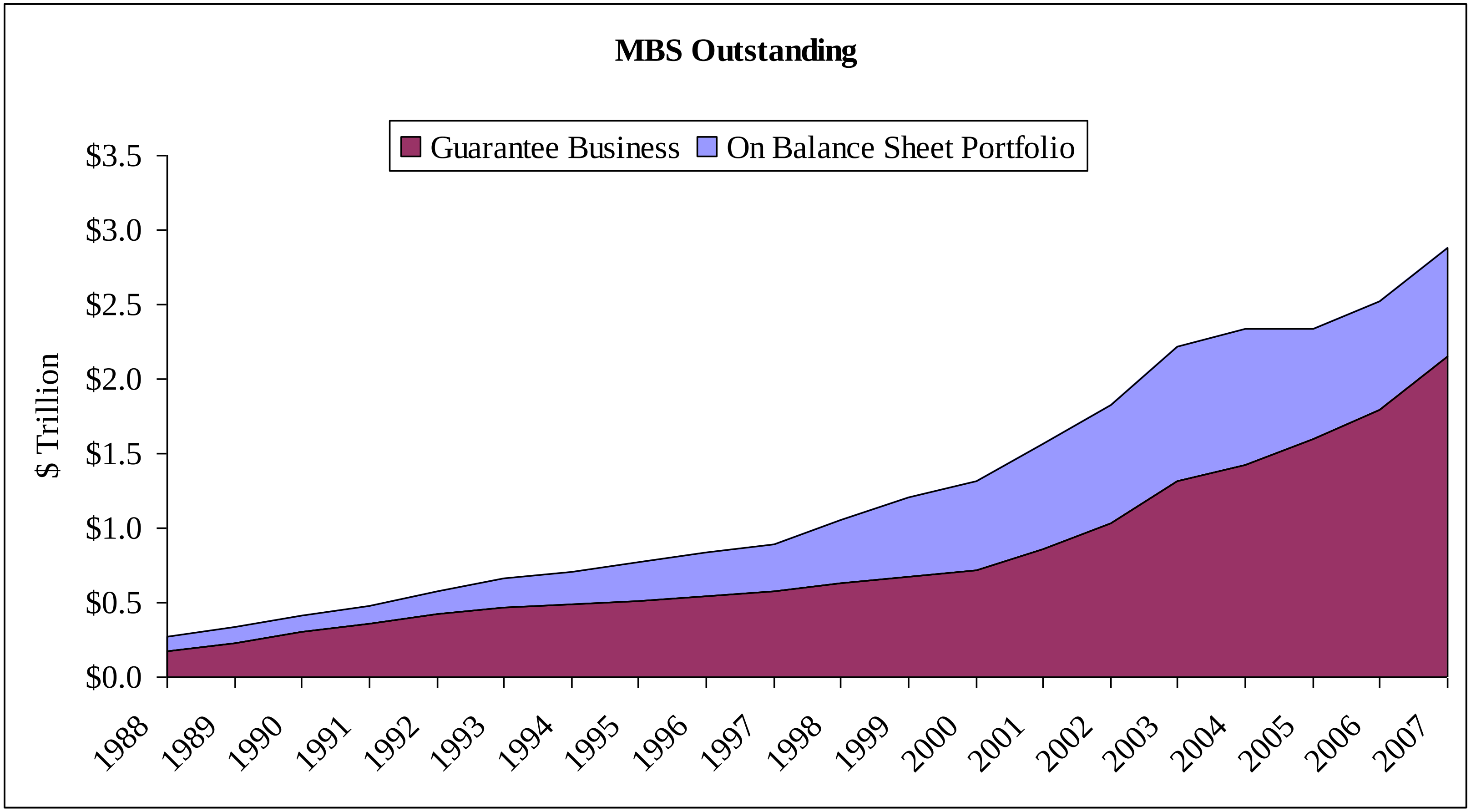
How Fannie Mae Grew To Be So Large

July 2008



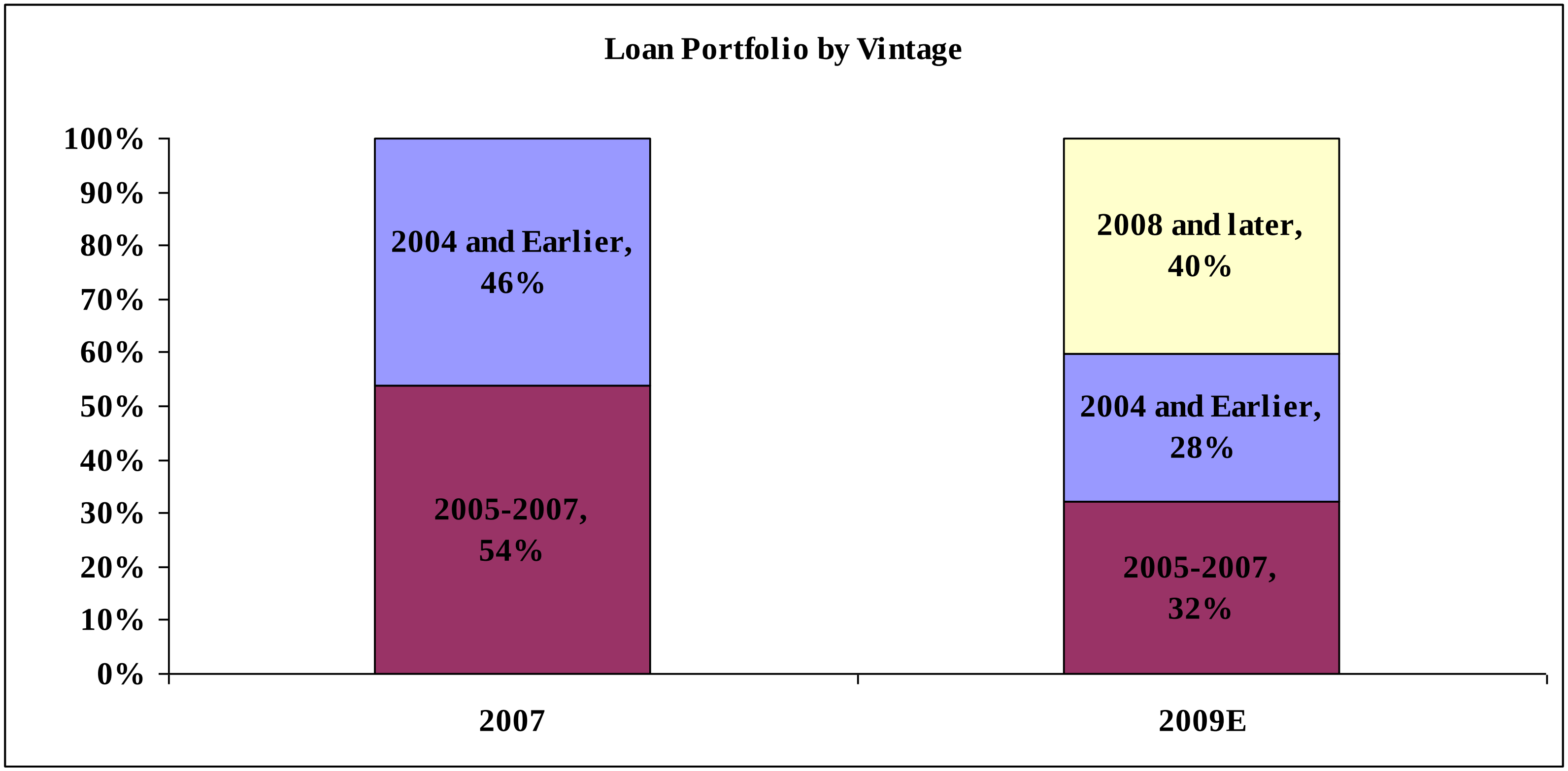
	CAGR		
	1988-1991	**1991-2003**	**2003-2007**
Guarantee Business	25.8%	11.5%	13.2%
On Balance Sheet Portfolio	8.4%	17.9%	-5.4%
Total	**20.1%**	**13.6%**	**6.7%**

The Profitability of the Current Business Has Greatly Improved

	Q1 2007	Q1 2008
Guarantee Fee	21.8bp	29.5bp
Net Interest Yield on Retained Portfolio	64bp	86bp
FNM % Market Share (1)	25%	50%

(1) New single-family mortgage related securities

Problematic Vintages Will Be Diluted By Newer Loans



Q1-08	2004 and Earlier	2005-2007
Weighted Ave Mark-to-Market LTV	46.7%	73.4%
% of Loans Credit Enhanced	13.8%	27.1%

Fannie Mae Is Not Bear Stearns

- Bear Stearns collapsed because it faced a liquidity squeeze
  - Reliant on counterparty confidence to fund itself on a daily basis
- The GSE's liquidity position is far superior to Bear Stearns
  - Ready access to debt markets
  - Over $1.5 trillion in unpledged assets
  - Access to the Federal Reserve discount window and line of credit with Treasury

Fannie Mae's Credit Losses Are Likely Manageable

- Well diversified by vintage and geography of loans
- Holding mortgage insurance equal to 4% of the credit book
- Conforming loan guidelines protected underwriting integrity
  - 80% or less loan-to-value
  - $417,000 loan size limit
  - Recourse agreements with loan originators
- Losses will materialize over a multiyear time period

By our estimation, higher loss rates will be more than offset by increased revenues