Fannie Mae’s book of business grew at a compounded annualized rate of 7.8 percent in February compared with 7.2 percent in January.

Total Fannie Mae MBS and other guarantees rose at a compounded annualized rate of 8.3 percent in February compared with 8.4 percent in January.

Fannie Mae MBS issuances totaled $41.7 billion, compared with $44.0 billion in January.

The gross mortgage portfolio balance was $712 billion in February. We currently estimate that our "mortgage portfolio" assets for purposes of the OFHEO consent order were approximately $712 billion in February. (For a discussion of the differences between these measures see Additional Information on page 2).

New business acquisitions totaled $50.2 billion, compared with $51.1 billion the previous month.

Net retained commitments were $10.0 billion in February, compared with $1.1 billion the previous month.

The conventional single-family serious delinquency rate rose one basis point to 0.66 percent in January (latest data available). The non-conventional serious delinquency rate rose two basis points to 0.10 percent.

The duration gap on Fannie Mae’s portfolio averaged zero months in February.

MORTGAGE MARKET HIGHLIGHTS

During 2006, total residential mortgage debt outstanding grew by 8.7 percent. This was the slowest pace of mortgage market growth recorded over a full calendar year since 1997.
As previously announced, on May 23, 2006, Fannie Mae agreed to a consent order issued by its regulator, OFHEO. Under the consent order, Fannie Mae may not increase its “mortgage portfolio” assets above the amount shown in its December 31, 2005 minimum capital report, except under specified circumstances at the discretion of OFHEO. Fannie Mae believes it is in compliance with the terms of its consent order with OFHEO. The “gross mortgage portfolio” balances set forth in this monthly summary report represent unpaid principal balances, which represent statistical measures rather than amounts computed in accordance with GAAP. “Mortgage portfolio” assets that are reported to OFHEO under the consent order reflect GAAP adjustments, including market valuation adjustments, allowance for loan losses, impairments and unamortized premiums and discounts. These adjustments are not reflected in the “gross mortgage portfolio” amounts shown in this report. We expect that some of the information in this monthly summary report will change when the financial statements and related audits for the relevant periods are completed. Management believes that the information may be useful to investors for comparing current business activities with those of prior periods and for reviewing trends in our business, notwithstanding that information may change, perhaps materially, from what is reported herein. Issues that will cause some of this information to change include those related to our securities accounting, loan accounting, consolidation and amortization.

Numbers may not sum due to rounding.
ENDNOTES
1. The end balances and business activity in this report represent unpaid principal balances ("UPB"), which do not reflect, for example, market valuation adjustments, allowance for loan losses, impairments, unamortized premiums and discounts and the impact of consolidation of variable interest entities.
2. Includes capitalized interest.
3. Includes Fannie Mae mortgage-backed securities ("Fannie Mae MBS") issued from Fannie Mae's portfolio. See Table 5 for monthly activity and balances for Fannie Mae MBS held in the mortgage portfolio.
4. This rate represents compound annual growth on Fannie Mae MBS and other guarantees.
5. Represents new Fannie Mae MBS created from mortgage loans previously held in the mortgage portfolio. These amounts, included in the issuance balance in Table 4, have been transferred from mortgage loans to securities, and may be included in sales.
6. In this table, non-agency securities that Fannie Mae has guaranteed are included with non-Fannie Mae mortgage securities. These securities are sometimes referred to as "private label wraps."
7. Reported amounts represent the unpaid principal balance at each reporting period or, in the case of the long-term zero coupon bonds, at maturity. Unpaid principal balance does not reflect the effect of currency adjustments, debt basis adjustments, amortization of discounts, premiums, and issuance costs.
8. Includes conventional single-family loans three months or more past due or in foreclosure process as a percent of the total number of conventional single-family loans. These rates are based on conventional single-family mortgage loans and exclude reverse mortgages and non-Fannie Mae mortgage securities held in our portfolio.
9. Loans without primary mortgage insurance and/or other credit enhancements.
10. Loans with primary mortgage insurance and/or other credit enhancements.
11. Total conventional single-family serious delinquency rate includes non-credit enhanced and credit enhanced loans.
12. Includes multifamily loans and securities 60 days or more past due and is calculated based on UPB of delinquent multifamily loans and securities divided by the UPB of multifamily loans and securities owned by Fannie Mae or underlying Fannie Mae MBS.

GLOSSARY

**General**

Information Changes. Amounts and rates for 2006 reflect data reclassifications, definitional changes and corrections as well as revisions to this presentation. As a result, these amounts and rates may differ from and may not be shown on a comparable basis to those previously reported in Fannie Mae’s Monthly Summary reports.

Compounded Growth Rate. Monthly growth rates are compounded to provide an annualized rate of growth.

**Table 1**

**Total Book of Business.** Sum of the Gross Mortgage Portfolio balance and Total Fannie Mae MBS and Other Guarantees balance, less Fannie Mae MBS held in the mortgage portfolio.

**New Business Acquisitions.** Sum of MBS issuances and Mortgage Portfolio purchases less Fannie Mae MBS purchases and securitizations of mortgage loans previously held in portfolio.

**Table 2**

**Portfolio Commitments.** Represents mandatory commitments entered into during the month. Fannie Mae enters into forward commitments to purchase mortgage securities and mortgage loans, or to sell mortgage securities, for the mortgage portfolio.

**Purchases.** Acquisition of mortgage loans and mortgage securities for the mortgage portfolio.

**Sales.** Sales of mortgage securities from the mortgage portfolio.

**Liquidations.** Represents the total amount of repayments, curtailments, payoffs, and foreclosures on mortgage loans and mortgages underlying securities held in the mortgage portfolio.

**Annualized Liquidation Rate.** The liquidation rate is calculated as liquidations divided by the prior period ending balance of the mortgage portfolio, annualized.

**Table 3**

**Fannie Mae Guaranteed Securities and Mortgage Loans.** Consists of securities and mortgage loans for which Fannie Mae manages credit risk. This table excludes non-Fannie Mae securities held in the mortgage portfolio, which are shown in Table 5.

**Total Fannie Mae MBS.** Includes Fannie Mae MBS, private label wraps, whole loan REMICs, and Multifamily discount MBS (DMBS) that Fannie Mae guarantees, regardless of whether those MBS are held in the mortgage portfolio or held by investors other than Fannie Mae. If an MBS has been resecuritized into another MBS, the principal amount is only included once in this total.

**Issuances.** Represents the total amount of Fannie Mae MBS created during the month, including lender-originated issues and Fannie Mae MBS created from mortgage loans previously held in Fannie Mae’s portfolio. Fannie Mae MBS may be held in portfolio after their creation.

**Liquidations.** Represents the total amount of repayments, curtailments, payoffs, and foreclosures on mortgages underlying Fannie Mae MBS, including Fannie Mae MBS held in the mortgage portfolio.

**Other Fannie Mae Guarantees.** Outstanding balance of Fannie Mae guarantees, other than Fannie Mae MBS. This primarily includes credit enhancements we provide on multifamily mortgage assets and Ginnie Mae securities.

**Annualized Liquidation Rate.** The liquidation rate is calculated as liquidations divided by the prior period ending balance of total Fannie Mae MBS, annualized.

**Table 4**

**Gross Mortgage Portfolio.** End balance represents the unpaid principal balance ("UPB") of the mortgage portfolio that Fannie Mae holds for investment and liquidity purposes.

**Purchases.** Acquisition of mortgage loans and mortgage securities for the mortgage portfolio.

**Sales.** Sales of mortgage securities from the mortgage portfolio.

**Liquidations.** Represents the total amount of repayments, curtailments, payoffs, and foreclosures on mortgage loans and mortgages underlying securities held in the mortgage portfolio.

**Annualized Liquidation Rate.** The liquidation rate is calculated as liquidations divided by the prior period ending balance of the mortgage portfolio, annualized.

**Table 5**

**Mortgage Portfolio Composition.** Shows the primary components of Fannie Mae’s mortgage portfolio and activity relating to Fannie Mae MBS held in the mortgage portfolio.

**Non-Fannie Mae Agency Securities.** Represents mortgage-related securities issued by Freddie Mac and Ginnie Mae.

**Non-Fannie Mae Non-Agency Securities.** These are commonly referred to as "private-label securities."

**Table 6**

**Liquid Investments.** Liquid investments serve as Fannie Mae’s primary source of liquidity and an investment vehicle for surplus capital. This balance includes high-quality securities that are short-term or readily marketable, such as commercial paper, asset-backed securities and corporate floating-rate notes. The balance shown does not include cash and cash-equivalents, which are also used for liquidity purposes.

**Table 7**

**Debt Activity.** For more information about Fannie Mae’s debt activity, please visit www.fanniemae.com/markets/debt/debt_activity.

**Table 8**

**Effective Duration Gap.** The effective duration gap is the daily average of the difference between the duration of Fannie Mae’s assets and liabilities for the reported month. The calculation excludes any interest rate sensitivity of the guarantee business.

The duration gap calculation includes non-mortgage assets and liabilities.

**Table 9**

**Serious Delinquency Rates.** A measure of credit performance and indicator of future defaults for the single-family and multifamily mortgage credit books. We classify single-family loans as seriously delinquent when a borrower has missed three or more consecutive monthly payments, and the loan has not been brought current or extinguished through foreclosure, payoff, or other resolution. A loan referred to foreclosure but not yet foreclosed is also considered seriously delinquent. We include all of the conventional single-family loans that we own or that back Fannie Mae MBS in our single-family delinquency rate, including those with substantial credit enhancement. We classify multifamily loans as seriously delinquent when payment is 60 days or more past due.

For more information about Fannie Mae, please visit www.fanniemae.com or contact our Investor Relations Department at (202) 752-7115.