TABLE 1. TOTAL BOOK OF BUSINESS COMPONENTS ($ in Millions) 1  

<table>
<thead>
<tr>
<th>Month</th>
<th>Gross Mortgage Total Fannie Mae MBS and Other Guarantees in Portfolio</th>
<th>Fannie Mae MBS in Portfolio</th>
<th>Total Book of Business</th>
<th>Compounded Growth Rate</th>
<th>New Business Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2006</td>
<td>731,443</td>
<td>$ 2,033,533</td>
<td>$ 326,963</td>
<td>2.4%</td>
<td>$ 42,827</td>
</tr>
<tr>
<td>August 2006</td>
<td>726,811</td>
<td>$ 2,046,522</td>
<td>$ 321,150</td>
<td>7.2%</td>
<td>$ 49,055</td>
</tr>
<tr>
<td>September 2006</td>
<td>725,534</td>
<td>$ 2,066,127</td>
<td>$ 310,219</td>
<td>15.3%</td>
<td>$ 66,722</td>
</tr>
<tr>
<td>October 2006</td>
<td>720,959</td>
<td>$ 2,085,252</td>
<td>$ 298,350</td>
<td>7.5%</td>
<td>$ 48,766</td>
</tr>
<tr>
<td>November 2006</td>
<td>717,438</td>
<td>$ 2,094,401</td>
<td>$ 301,750</td>
<td>6.8%</td>
<td>$ 49,470</td>
</tr>
<tr>
<td>December 2006</td>
<td>724,400</td>
<td>$ 2,102,275</td>
<td>$ 288,756</td>
<td>8.9%</td>
<td>$ 57,776</td>
</tr>
<tr>
<td>Full Year 2006</td>
<td>724,400</td>
<td>$ 2,102,275</td>
<td>$ 288,756</td>
<td>7.7%</td>
<td>$ 61,723</td>
</tr>
</tbody>
</table>

MONTHLY SUMMARY HIGHLIGHTS

- Fannie Mae’s Book of Business grew at a compound annualized rate of 15.0 percent in July driven by growth in Fannie Mae MBS and Other Guarantees and the Gross Mortgage Portfolio.
- Fannie Mae MBS and Other Guarantees rose at a compound annualized rate of 15.5 percent during the month. Growth was attributable to continued strong issuance of Fannie Mae MBS, which rose to $56.1 billion in July, and a decline in liquidations.
- The Gross Mortgage Portfolio balance rose to $729.8 billion in July driven by purchases of $21.2 billion. Into the month of August, option-adjusted spreads have continued to widen. We currently estimate that our “mortgage portfolio” assets for purposes of the OFHEO consent order were approximately $723 billion in July.

- The conventional Single-Family Serious Delinquency Rate rose two basis points in June to 0.64 percent (latest data available). The Multifamily Serious Delinquency Rate declined two basis points to 0.09 percent in June.
- The Effective Duration Gap on Fannie Mae’s portfolio averaged plus one month in July.

MORTGAGE MARKET HIGHLIGHTS

- Agency-backed MBS issuance totaled $97 billion in July, up by 31 percent from the volume of agency MBS issued in July 2006. In contrast, non-agency MBS/ABS issuance totaled $55 billion during the month, down by 13 percent from year-to-date levels. The volume of non-agency MBS/ABS issued during July was the lowest recorded since May 2004.

Numbers may not sum due to rounding. See Endnotes and Glossary on Page 3.
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. Our “mortgage portfolio” assets that are reported to OFHEO under the consent order reflect GAAP adjustments, including market value adjustments, allowance for loan losses, impairments, and unamortized premiums and discounts, excluding consolidated mortgage-related assets acquired through the assumption of debt. 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 current and prior years 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 may cause some of this information to change include those related to our securities accounting, loan accounting, consolidation and amortization.
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. 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.
5. 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.
6. Beginning with June 2007, the effective duration gap is weighted based on the proportional fair value weightings of Fannie Mae's assets and liabilities. In prior months, the duration gap was not calculated on a weighted basis.
7. These measurements show the estimated loss in the pre-tax fair value of Fannie Mae's assets and liabilities, including debt and derivatives, that would result from an immediate adverse change in the level of LIBOR rates and in the slope of the LIBOR yield curve, expressed in each case as a percentage of the estimated after-tax fair value of Fannie Mae's net assets, as of December 31, 2006, adjusted for capital transactions since year end. These measurements exclude the sensitivity of the guaranty business.
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 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 owned by Fannie Mae or underlying Fannie Mae guaranteed securities divided by the UPB of multifamily loans owned by Fannie Mae or underlying Fannie Mae guaranteed securities. Data for 2006 have been revised from amounts previously reported to confirm to current presentation.

GLOSSARY & OTHER INFORMATION

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.

Risk Disclosures. In addition to the interest rate risk disclosures provided in Table 8, Fannie Mae's most recent available information relating to subordinated debt, liquidity management, corporate risk ratings and credit risks is included in its 2006 Form 10-K filed with the Securities and Exchange Commission on August 16, 2007.

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. Purchase commitments typically require mandatory delivery and are subject to the payment of pair-off fees for non-delivery.

Commitments to Purchase, Net. Represents mandatory commitments to purchase mortgage loans and mortgage securities, net of mortgage loans for which a cash pair-off has been paid. Pair-offs occur when loans are not delivered against mandatory commitments.

Commitments to Sell, Net. Represents mandatory commitments to sell mortgage securities.

Net Retained Commitments. Represents mandatory commitments to purchase, less commitments to sell, net of mortgage loans for which a cash pair-off has been paid.

Table 3

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 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.

Table 4

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

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 mortgage loans 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.

Table 6

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 7

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 8

Effective Duration Gap. The effective duration gap estimates the net sensitivity of the fair value of Fannie Mae's assets and liabilities to movements in interest rates. This statistic is expressed as a number of months, based on the daily average for the reported month. Beginning with June, the methodology has been updated such that a duration gap of zero implies that the change in the fair value of assets from an interest rate move will be offset by an equal move in the fair value of liabilities, including debt and derivatives, resulting in no change in the fair value of the net assets. The calculation excludes any variability of the guaranty business.

Market Value Sensitivity to Rate Level Shock (50bp). This measurement shows the estimated loss in pre-tax market value of Fannie Mae's assets and liabilities, expressed as a percentage of the after-tax fair value of Fannie Mae's net assets (calculated as described in Endnote (8) above), from an immediate adverse 50 basis point shift in the level of LIBOR rates. The measurement excludes any sensitivity of the guaranty business but the after-tax fair value of Fannie Mae's net assets includes an estimate of the fair value of the guaranty business. Fannie Mae tracks the daily average of this measurement for the reported month.

Market Value Sensitivity to Rate Slope Shock (25bp). This measurement shows the estimated loss in the fair market value of Fannie Mae's assets and liabilities, expressed as a percentage of the after-tax fair value of Fannie Mae's net assets (calculated as described in Endnote (8) above), from an immediate adverse 25 basis point change in the slope of the LIBOR yield curve. To calculate the "adverse" change in the slope of the LIBOR yield curve, the company calculates the effect of a 25 basis point change in slope that results in a steeper LIBOR yield curve and the effect of a 25 basis point change in slope that results in a flatter LIBOR yield curve, and reports the more adverse of the two results. The measurement excludes any sensitivity of the guaranty business but the after-tax fair value of Fannie Mae net assets includes an estimate of the fair value of the guaranty business. Fannie Mae tracks the daily average of this measurement for the reported month.

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 finalized 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.