FannieMae FUNDINGNOTES®

For Fannie Mae's Investors and Dealers

U.S. Housing and Mortgage Market Outlook

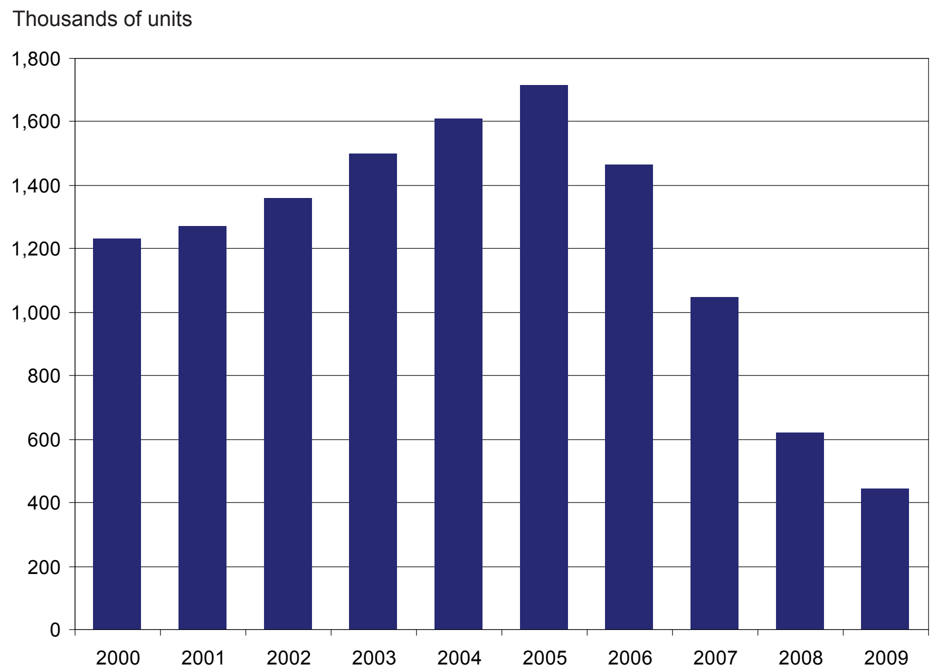
February – March 2010

This edition of *FundingNotes* is written by Fannie Mae's Economic and Mortgage Market Analysis (EMMA) group.

Housing Market in 2009: Troughs in Activity Established

Following three years of housing recession, most measures of housing activity appear to have troughed in early 2009 and have embarked on varying degrees of recovery. After suffering the most severe peak-to-trough decline, 80 percent[1], in six decades, single-family housing starts experienced a small uneven rebound. While they posted steady increases through July 2009, they have lost steam and have since moved sideways. For all of 2009, single-family starts were at 445,200, a record low and an amazing plunge from a record high of 1.7 million just four years ago (see **Figure 1**). Multifamily starts also fell to a record low of 109,300 for the year.

Single-Family Starts Drop to Another Record Low



Source: Census Bureau

Figure 1

The rebound in home sales, which also started in early 2009, showed starkly different pictures of the housing markets for new and existing homes. Despite historically low mortgage rates and the first-time home-buyer tax credit, the recovery in the new home market was tepid, mirroring that of single-family starts. In contrast, the existing home market soared in the second half of 2009, benefitting from distressed sales in addition to the tax credit and low mortgage rates. Both new and existing home markets suffered some payback in the final month of the year, as sales were pulled forward in a rush to beat the expiration of the tax credit, which was tentatively set at the end of November (see **Figure 2**).

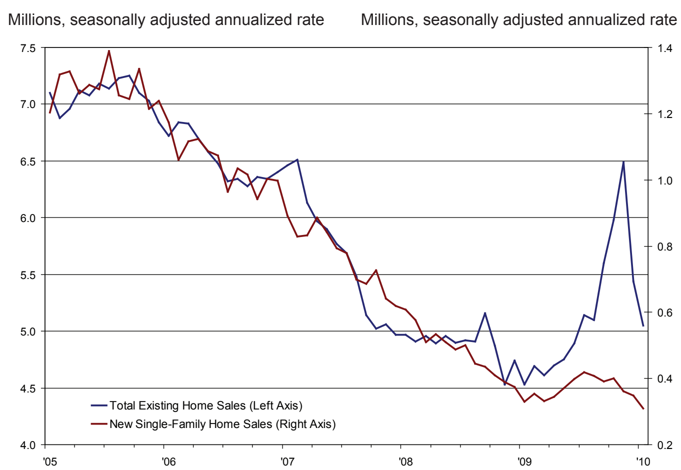
[1] The peak (monthly, seasonally adjusted annual rate) in single-family housing starts was 1,823,000 in January 2006 and the trough was 357,000 (Jan and Feb 2009). The peak annual level was in 2005 at 1,719,000.

For all of 2009, new home sales posted the fourth double-digit annual drop, declining 23 percent to set another record low of 373,000. Total existing home sales' sharp increase in the second half of 2009 was enough to boost sales for the year to 5.2 million, a gain of five percent and the first annual gain in four years.

The median price for total existing homes as reported by the National Association of Realtors was flat in December from a year ago — the first time since August 2007 that prices did not decline from a year ago. A change in the mix of sales likely helped support prices. With the reported declining share of first-time buyers in December, the distribution of home prices shifted towards more expensive homes. We believe home price measures that track repeat sales of the same house over time are a better indicator of home price trends than average or median home prices because they are not distorted by the mix of sales of low- and high-priced homes. We estimate that home prices on a national basis have declined by approximately 16.4 percent from their peak in the third quarter of 2006 (See **Figure 3**). On average, national home prices declined by approximately 2.2 percent in 2009 versus a 10 percent decline in 2008 (See **Figure 4**.). Home prices, which rose slightly but consistently in the spring and summer, were relatively flat in the fourth quarter of 2009.

One of the repeat-sales measures used by the Federal Reserve Board in the Flow of Funds Account is the LoanPerformance Home Price Index, which fell in December for the fourth consecutive month. (The index is not seasonally-adjusted.) The index posted a 3.7 percent decline in December from a year ago, steadily improving from the peak year-over-year drop of 20.1 percent in February 2009. This measure of home price is consistent with other repeat-sales

Home Sales Pull Back Sharply at Year-end

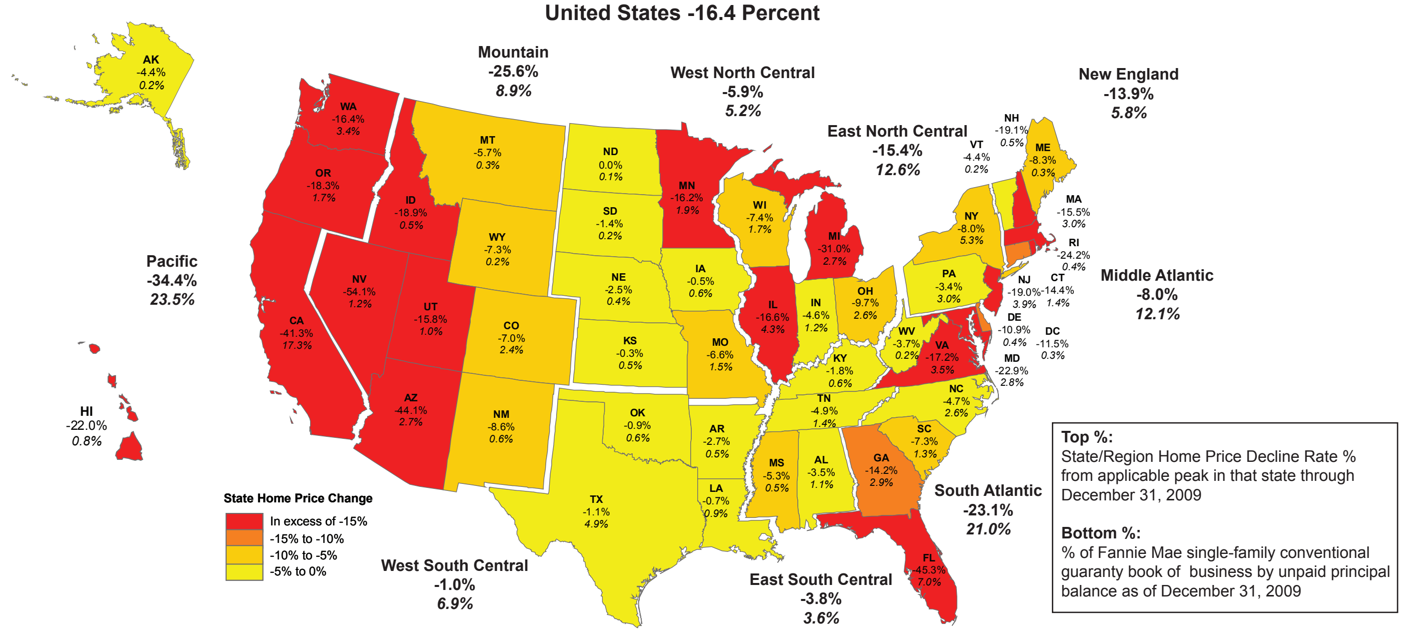


Sources: National Association of REALTORS®, Census Bureau

Figure 2

Home Price Declines Peak-to-Current (by State) as of 2009 Q4

United States -16.4 Percent

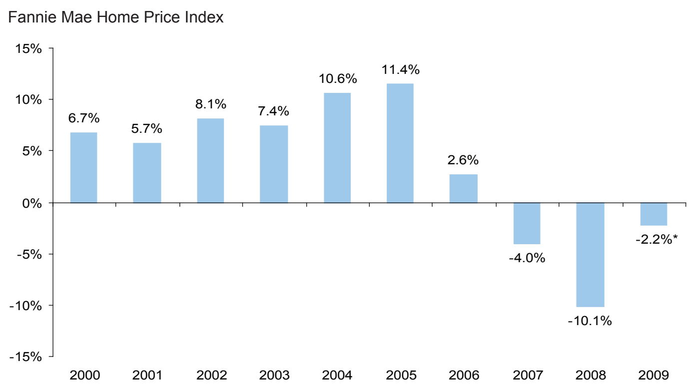


Note: Regional home price decline percentages are a housing stock unit-weighted average of home price decline percentages of states within each region.

Initial estimate based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of December 2009, supplemented by preliminary data available for January and February 2010. Including subsequent data may lead to materially different results.

Figure 3

Home Price Growth/Decline Rates in the U.S.



S&P/Case-Shiller Index	**9.8%**	**7.7%**	**10.6%**	**10.7%**	**14.6%**	**14.7%**	**-0.3%**	**-8.5%**	**- 18.3%**	**-2.5%**

Growth rates are from period-end to period-end.

* Initial estimate based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of December 2009, supplemented by preliminary data available for January and February 2010. Including subsequent data may lead to materially different results.

We expect peak-to-trough declines in home prices to be in the 17% to 24% range (comparable to a 32% to 40% range using the S&P/Case-Shiller index method).

Note: Our estimates differ from the S&P/Case-Shiller index in two principal ways: (1) our estimates weight expectations for each individual property by number of properties, whereas the S&P/Case-Shiller index weights expectations of home price declines based on property value, causing declines in home prices on higher priced homes to have a greater effect on the overall result; and (2) our estimates do not include known sales of foreclosed homes because we believe that differing maintenance practices and the forced nature of the sales make foreclosed home prices less representative of market values, whereas the S&P/Case-Shiller index includes sales of foreclosed homes. The S&P/Case Shiller comparison numbers shown above for the peak-to-trough forecast are calculated using our models and assumptions, but modified to use these two factors (weighting of expectations based on property value and the inclusion of foreclosed property sales). In addition to these differences, our estimates are based on our own internally available data combined with publicly available data, and are therefore based on data collected nationwide, whereas the S&P/Case-Shiller index is based only on publicly available data, which may be limited in certain geographic areas of the country. Our comparative calculations to the S&P/Case-Shiller index provided above are not modified to account for this data pool difference.

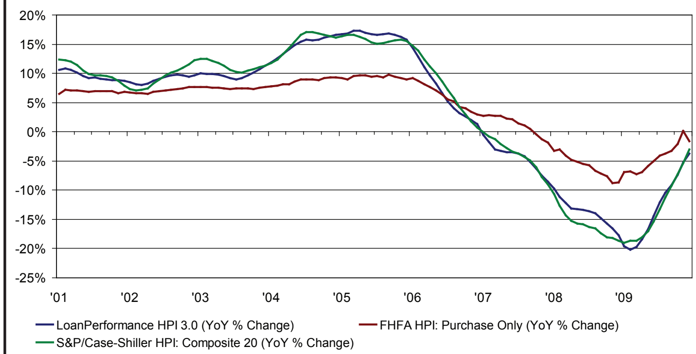
Figure 4

measures, such as the Standard and Poor's/Case-Shiller and the Federal Housing Finance Agency (FHFA) indices, which showed moderating year-over-year home price declines (see **Figure 5**).

Regional home price trends vary significantly. For example, the FHFA Purchase-only measure showed that home prices in the West South Central Division[2] posted an increase of 1.1 percent in the fourth quarter from a year ago, compared with a decline of 7.2 percent for the Mountain Division[3].

The decline in house prices both nationally and regionally has left many homeowners with "negative equity" in their mortgages, which means their principal balance exceeds the current market value of their home. According to First American CoreLogic, Inc. approximately 11 million, or 24 percent, of all residential properties with mortgages were in negative equity in the fourth quarter of 2009. This provides an incentive for borrowers to walk away from their mortgage obligations and for the loans to become delinquent and proceed to foreclosure. At the end of 2009, about one out of seven first-lien mortgage loans were behind on payment or in the foreclosure process, according to the Mortgage Bankers Association National Delinquency Survey.

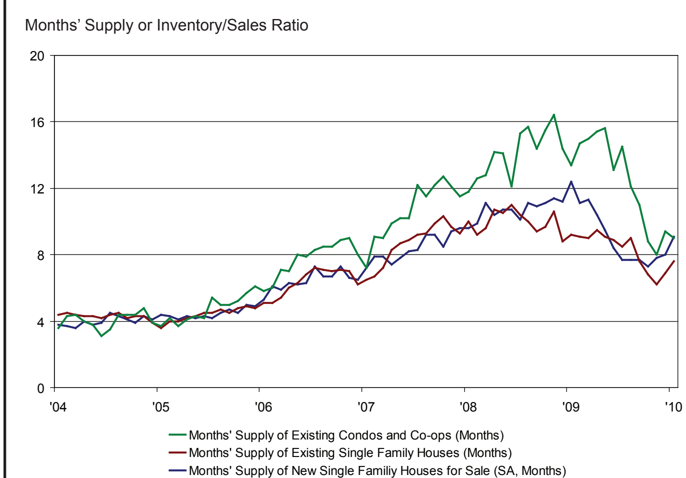
Moderating Year-over-Year Home Price Declines



Source: First American LoanPerformance, Federal Housing Finance Agency, Standards & Poor's

Figure 5

Housing Market Remains Imbalanced



Source: Census Bureau and the National Association of REALTORS

Figure 6

Even with record declines in homebuilding activity, the housing market continued to face a significant imbalance, which will continue to put downward pressure on home prices (see **Figure 6**). While the inventory/sales ratios of both new and existing home sales at the national level have been trending down substantially from their record highs, they have remained above their long-term trends of about 6-7 months. However, the national average inventory/sales ratio masks significant regional variation. Some regions, such as Florida, continue to struggle with large inventory overhang while others, such as California, experience nearly depleted inventories.

Other economic data continue to indicate substantial excess supply of housing. The Housing Vacancy Survey, which offers the most comprehensive

[2] West South Central Division includes Arkansas, Louisiana, Oklahoma, and Texas.
[3] Mountain Division includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, and Utah. The time period of Open Enrollment is subject to change without notice.

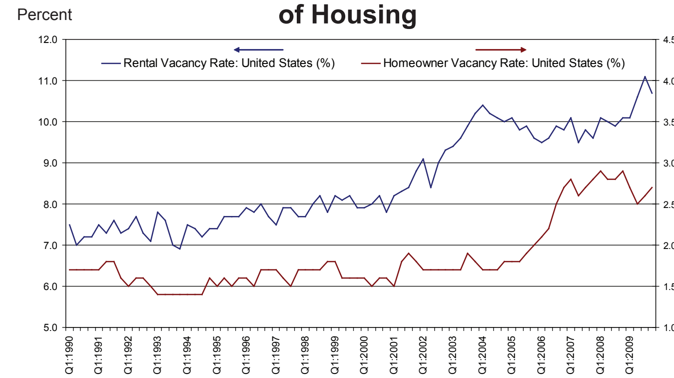
measure of housing inventory, showed mixed results. The homeowner vacancy rate, which measures the share of units typically occupied by owners that are for sale and vacant, edged up from 2.6 percent in the third quarter to 2.7 percent in the fourth quarter (see **Figure 7**). The rate is about one percentage point higher than its long-term average, suggesting an estimated 780,000 units of excess supply of for-sale and vacant homes.

In contrast, the supply in the rental markets declined in the fourth quarter. The rental vacancy rate fell 0.4 percentage points to 10.7 percent from a record 11.1 percent in the third quarter. We estimate that the rate is about three percentage points higher than its historical norm, indicating an excess supply of 1.2 million units of vacant homes for rent at the end of last year.

These units may come back into the owner-occupied space at some point when market conditions improve, as some of these units may belong to reluctant landlords. This potential supply of homes for sale could put further downward pressure on home prices. In any event, the excess supply of rental units is putting downward pressure on rents, making the user costs of renting more attractive than owning, depressing owner-occupied housing demand.

The share of households that own (the homeownership rate) slipped further to 67.3 percent seasonally adjusted in the fourth quarter of 2009, the lowest rate since the second quarter of 2000. This rate is expected to decline further based on the level of delinquent loans in the market.

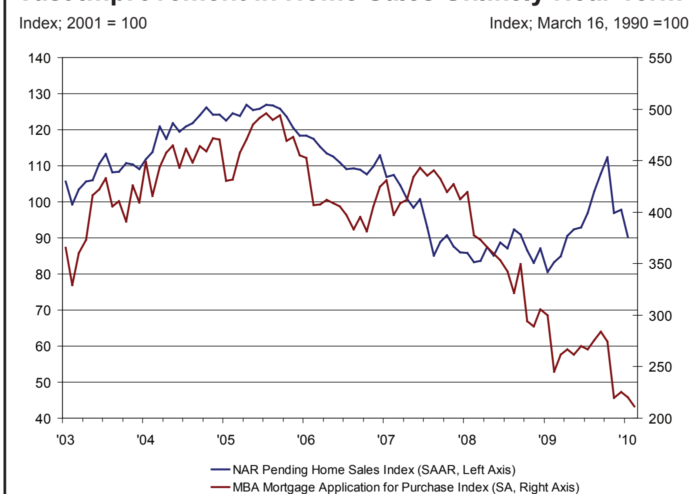
Vacancy Rates Indicate Large Excess Supply of Housing



Source: Census Bureau

Figure 7

Vast Improvement in Home Sales Unlikely Near Term



Sources: National Association of REALTORS®, Mortgage Bankers Association

Figure 8

Housing Market in 2010: Recovery Continues

There are reasons to be hopeful about the outlook for the housing market this year. Homebuilding activity started the year on a positive note, with single-family starts posting a 33 percent year-over-year gain. Single-family permits, a leading indicator of starts, pointed to a rebound in the near term as permits increased for three consecutive months.

There are also reasons to be cautious about the strength of the near-term outlook: excess supply of housing remains elevated, financing for construction loans continues to be constrained, and rising foreclosure rates threaten to add more homes to the market supply, putting downward pressure on home prices and construction demand. For all of 2010, we expect total housing starts to increase by 30 percent from their depressed levels to 723,000, marking the first increase in five years.

Looking ahead at home sales, the main question is how much the expanded tax credit that applies to repeat buyers will spur sales this year. Both new and existing home sales started the year on a sour note, dropping sharply in January. Leading near-term indicators suggest that the tax credit may have less of an impact this year. Mortgage applications to purchase homes have remained near their lowest level since 1997. The pending home sales index, which measures contract signings for existing homes, fell sharply in January following a relatively flat reading in December and a 13.7 drop in November (see **Figure 8**).

We still expect that the expansion in the tax credit will help support sales in the first half of this year, albeit at a slower pace than the fourth quarter average. Sales are likely to pull back in the third quarter as the tax credit expires. However, the extent of the retraction will largely depend on mortgage rates and, more importantly, labor market conditions. If job creation strengthens by the fourth quarter as we are expecting, the drop in sales will be small enough that overall home sales would see a near double-digit gain, projected to be about 9 percent for all of 2010. Home prices should post further declines this year but at a more moderate pace than last year. We also expect significant regional variation in home price declines. These projections for home sales and prices may worsen if the increase in the unemployment rate exceeds current expectations on either a national or regional basis.

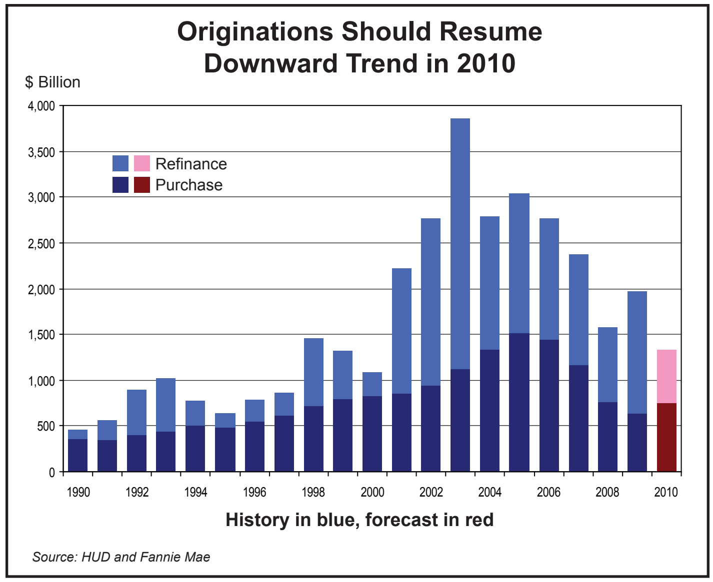


Figure 9

Mortgage Originations in 2010: A Shift to Purchase Market

The mortgage market should favor a purchase market in 2010. With projected increases in home sales and more moderate declines in home prices, purchase mortgage originations are expected to increase about 14 percent in 2010. With a projected moderate economic expansion, mortgage rates should trend up modestly throughout the year. Recent heightened uncertainty in the financial markets, particularly in Europe, poses a challenge to the Fed as any indication of an exit strategy any time soon could result in a volatile market reaction. We continue to expect the Fed to end its GSE MBS purchase program on schedule at the end of March, but to keep its options open as the uncertain global environment cautions against rigidity in policy actions. We continue to expect a modest rise in MBS spreads this year as a result, as private investors are "short" these instruments due to narrow spreads and will likely return when the price is right.

Even with a modest increase in mortgage rates, the incentive to refinance will decline significantly. While mortgage rates are expected to remain historically low, many homeowners now have little or no equity in their homes. The lack of equity, along with continued tight lending standards for prime mortgage loans, has remained a hurdle for many homeowners to refinance.

While we expect home prices to stabilize in 2010 and that the peak-to-trough home price decline on a national basis will range between 17 percent and 24 percent, we still expect that home prices in certain geographic areas may decline further due to increasing foreclosures and defaults.

For all of 2010, total mortgage originations should decline to $1.31 trillion from an estimated $1.97 trillion in 2009 (see **Figure 9**). The refinance share is projected to decline to 44 percent, compared with an estimated 67 percent in 2009. Along with an on-going deleveraging of other consumer debt, mortgage debt outstanding is projected to decline this year by about 2.6 percent—the third consecutive annual drop.

ADDENDUM: Highlights of Fannie Mae's ACCESS® Program

Background

In September 1992, Fannie Mae established Fannie Mae's ACCESS program. The program was designed to increase the participation of minority- and women-owned broker-dealers in the markets for Fannie Mae's debt securities. After publicizing the program broadly, we selected 10 firms to serve as the initial group of ACCESS participants. These firms officially began to act as members of Fannie Mae's debt selling group in January 1993.

Housing and Economic Recovery Act

Fannie Mae is legally bound to provide opportunities to minority- and women-owned businesses. In the wake of the passage of the Housing and Economic Recovery Act (HERA), section 1116 is devoted to making "Women and Minority Inclusion" a priority and Fannie Mae has always reached out to minority and women-owned businesses in the past. It has become even more critical that Fannie Mae strives to include these businesses in our funding activities. We will now be reporting our activity to the Federal Housing Finance Agency and our ACCESS program provides an avenue in which we involve minority- and women-owned broker-dealers in our funding activities.

ACCESSibility to Fannie Mae Debentures

ACCESS firms are permitted to participate in all Fannie Mae debt programs: Short-Term Notes, including Discount Notes and Benchmark Bills; Medium-Term Notes, including callable debt securities and structured notes; and noncallable Benchmark Notes. With Short-Term Notes, all ACCESS firms are members of the primary selling group. ACCESS firms may underwrite a Medium-Term Note, or receive notes on a reallowance basis. Benchmark Notes are issued via a named syndicate. ACCESS firms may be chosen to participate as a co-manager or selling group member.

Some investors, such as certain state pension funds, are required to receive bids from minority- and women-owned broker-dealers as part of their competitive process when purchasing investments for their portfolios. With their ability to purchase Fannie Mae debt securities in the primary market, ACCESS firms are able to offer their clients an additional breadth of investments.

ACCESS Membership

To become an ACCESS firm, a minority- or women-owned broker-dealer must meet certain minimum requirements as well as add value to the existing program. For example, the prospective firm must either meet the minimum excess net capital requirement of $2.5 million or provide a third-party guaranty letter. Fannie Mae has a continuing Open Enrollment[4] policy, in which prospective minority- and women-owned broker-dealers are able to apply to the program throughout the year. During the application process, the prospective firm meets with Fannie Mae representatives and submits required documentation. Upon the conclusion of the application process, Fannie Mae will evaluate the firm and either extend an invitation to join the program or inform the firm that they were not selected. Applicants may re-apply to the program at any time.

To retain membership in the ACCESS program, each firm must play an active role in the distribution of Fannie Mae debt securities and must provide timely financial statements. Fannie Mae continually monitors the financial standing, as well as the performance, of each ACCESS firm to ensure that the program continues to play a vital part of Fannie Mae's funding programs.

The list of current ACCESS firms is available on Fannie Mae's web site at the following location: http://www.fanniemae.com/markets/debt/access/index.jhtml.

Additional Information

For more information about Fannie Mae's ACCESS program, including program eligibility requirements, please contact Helen McNally at 202.752.7704 or helen_mcnally@fanniemae.com.

[4] The time period of Open Enrollment is subject to change without notice.

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Fannie Mae Funding Liabilities and Debt Outstanding 2007 through January 31, 2010

Funding Liabilities and Debt Outstanding (in millions)	**12/31/07**	**12/31/08**	**12/31/09**	**1/31/10**
Federal Fund Borrowings	$ -	$ -	$ -	$ -
Other Short Term Funding Liabilities[1]	869	77	-	-
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**$ 869**	**$ 77**	**$ -**	**$ -**
Average maturity (in days)	1	-	-	-
Discount Notes	$ 155,358	$ 272,476	$ 200,116	$ 177,987
FX Discount Notes	859	402	401	409
Other Short Term Debt[2]	50	7,661	50	50
Total Short Term Debt[3]	**$ 236,267**	**$ 332,542**	**$ 200,567**	**$ 178,446**
Average maturity (in days)	74	102	82	92
Benchmark Notes & Bonds[4]	$ 256,823	$ 251,315	$ 280,245	$ 276,618
Callable Benchmark Notes[4]	-	-	-	-
Subordinated Benchmark Notes	9,000	7,398	7,398	7,398
Callable Fixed Rate MTNs[5,6]	207,504	190,950	206,310	214,715
Noncallable Fixed Rate MTNs[5,6]	77,331	50,131	45,032	44,202
Callable Floating Rate MTNs[5,6]	8,135	1,530	3,871	3,871
Noncallable Floating Rate MTNs[5,6]	5,761	45,470	39,005	36,220
Other LongTerm Debt[7]	4,580	3,763	3,347	3,333
Total Long Term Debt[8,9]	**$ 569,134**	**$ 550,557**	**$ 585,208**	**$ 586,357**
Average maturity (in months)	68	66	60	61
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Outstanding	**$ 806,270**	**$ 883,176**	**$ 785,775**	**$ 764,803**
Average maturity (in months)	48	42	45	47

Fannie Mae Funding Liabilities and Debt Issuance 2007 through January 31, 2010

Funding Liabilities and Debt Issuance (in millions)	**2007**	**2008**	**2009**	**2010**
Federal Fund Borrowings	$ 13,065	$ 5,617	$ 1,000	$ 100
Other Short Term Funding Liabilities[1]	25,324	60,888	5,822	200
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**$ 38,389**	**$ 66,505**	**$ 6,822**	**$ 300**
Discount Notes	$ 1,499,540	$ 1,547,462	$ 1,373,711	$ 33,622
FX Discount Notes	2,291	2,583	1,060	53
Other Short Term Debt[10]	86,777	8,661	50	-
Total Short Term Debt[3]	**$ 1,588,608**	**$ 1,558,706**	**$ 1,374,821**	**$ 33,675**
Benchmark Notes & Bonds	$ 37,000	$ 50,500	$ 75,500	$ 4,500
Callable Benchmark Notes	-	-	-	-
Subordinated Benchmark Notes	-	-	-	-
Callable Fixed Rate MTNs[6]	135,886	150,255	187,983	20,435
Noncallable Fixed Rate MTNs[6]	8,438	4,336	4,517	-
Callable Floating Rate MTNs[6]	8,275	1,280	3,846	-
Noncallable Floating Rate MTNs[6]	4,176	41,284	23,180	5,000
Other LongTerm Debt[7]	138	743	249	9
Total Long Term Debt[8]	**$ 193,913**	**$ 248,399**	**$ 295,275**	**$ 29,944**
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Issued	**$ 1,820,910**	**$ 1,873,610**	**$ 1,676,918**	**$ 63,919**
Net Issuance Long Term Debt[11]	**$ (39,201)**	**$ (18,363)**	**$ 34,511**	**$ 1,158**

Please see the Endnotes on the following page for more detail.

Endnotes

Footnotes for Tables 1 and 2

1 Other Short Term Funding Liabilities includes Benchmark repos, contingency repo lending, and other short term funding liabilities.
2 Other Short Term Debt includes coupon bearing short term notes.
3 Short term debt consists of borrowings with an original contractual maturity of one year or less.
4 Outstanding Benchmark Notes & Bonds with expired call options are reported as Benchmark Notes & Bonds.
5 Outstanding MTNs with expired call options are reported as Noncallable MTNs.
6 MTNs include all long term non-Benchmark Securities such as globals, zero coupon securities, medium term notes, Final Maturity Amortizing Notes, and other long term debt securities.
7 For the first 9 months of 2007, Other Long Term Debt consists of long term foreign currency debt and other long term securities. For months beginning Oct 2007 and thereafter, Other Long Term Debt also includes investment agreements.
8 Long term debt consists of borrowings with an original contractual maturity of greater than one year.
9 Unamortized discounts and issuance costs of long term zero coupon securities are approximately $10.8 billion at December 31, 2007, $14.8 billion at December 31, 2008, $14.9 billion at December 31, 2009 and $14.6 billion at January 31, 2010.
10 For months beginning Oct 2007 and thereafter Other Short Term Debt includes coupon bearing short term notes. For the first 9 months of 2007, Other Short Term Debt includes coupon bearing short term notes and investment agreements. For 2007, the Other Short Term Debt issuance amount of $86,777 million includes intra-days loans in the amount of $86,727 million.
11 Net Issuance Long Term Debt amounts represent the difference between long term debt issued and long term debt repaid during the period. For any period, a positive value indicates that the amount of long term debt issued was greater than the amount of long term debt repaid, and a negative value indicates that the amount of long term debt repaid was greater than the amount of long term debt issued.

General

On November 9, 2007, we filed current financial statements in our Form 10-Q for the third quarter of 2007. As a result,beginning with the data for October 2007, we are implementing data reclassifications and other changes to betteralign the statistical information we present in our funding summary report with the financial information we report in our quarterly and annual filings with the SEC.

Previously reported amounts have been revised to conform to the current period presentation and to reflect the completion of Fannie Mae's 2005 audited financial statements.

Funding Liabilities and Debt include Federal Funds Purchased and Securities Sold under Agreements to Repurchase, Short Term Debt and Long Term Debt.

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 debt basis adjustments, including discounts, premiums, and issuance costs.

Numbers may not foot due to rounding.

Debt Securities Index Reports

	January % of BIG	January Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return
Citigroup Fannie Mae Index:	2.56	1.02	0.55	1.96	1.02	4.02
1-10 Years	2.42	0.96	0.65	1.97	0.96	4.15
10+ Years	0.14	1.96	-0.76	1.73	1.96	2.16
Callable	0.55	0.62	0.54	1.60	0.62	3.91
Noncallable	2.00	1.13	0.53	2.04	1.13	4.02
Globals*	2.43	0.99	0.55	2.11	0.99	4.01
Agency:	6.87	1.03	0.50	1.97	1.03	3.76
Callable	1.08	0.58	0.52	1.65	0.58	3.73
Noncallable	5.79	1.12	0.48	2.01	1.12	3.75
Globals	5.88	0.97	0.58	2.07	0.97	4.00
Citigroup Index:**	100.00	1.46	1.07	3.64	1.46	7.54
U.S. Treasury	29.61	1.56	0.32	1.95	1.56	0.89
GSE***	7.98	1.09	0.55	2.07	1.09	3.93
Credit	24.54	1.62	1.88	6.30	1.62	17.73
MBS	37.55	1.36	1.20	3.50	1.36	7.02
ABS	0.3	1.03	1.07	8.31	1.03	21.84

	January % of Agg	January Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return
Barclays Capital Fannie Mae Index:	2.72	1.09	0.69	2.06	1.09	3.94
1-10 Years	2.50	1.03	0.77	2.03	1.03	3.97
10+ Years	0.22	1.84	0.00	2.27	1.84	3.53
Callable	0.86	0.73	0.62	1.92	0.73	3.51
Noncallable	1.87	1.26	0.72	2.11	1.26	4.13
Globals	1.94	1.13	0.65	2.00	1.13	3.94
Agency:	8.89	1.06	0.76	2.15	1.06	4.04
Callable	2.08	0.66	0.62	1.95	0.66	3.44
Noncallable	6.81	1.18	0.81	2.20	1.18	4.21
Globals****	6.24	1.02	0.71	2.02	1.02	3.98
Barclays Aggregate Index:	100.00	1.53	1.23	3.87	1.53	8.51
U.S. Treasury	28.39	1.58	0.30	1.94	1.58	0.90
Government-Related***	13.26	1.10	0.78	2.67	1.10	5.28
Corporate	18.54	1.63	2.28	6.75	1.63	20.08
MBS	36.24	1.33	1.18	3.41	1.33	7.09
ABS	0.37	1.68	1.86	7.45	1.68	19.07
CMBS	3.21	4.52	5.42	13.02	4.52	39.39

* In July 2009 the definition of Globals changed due to a change in index methodology. Previously, if a bond was classified as the Eurodollar Index, then it was "Global." Currently, if a bond is cleared in DTC, Euroclear/Clearstream and/or other clearances, then it is "Global."
** Components of Broad (BIG) Index: Treasury, GSE, Corporate, Mortgage
*** Includes US agencies
**** Includes World Bank global issues

This data has been compiled from reports supplied by Citigroup and Barclays Capital and is reproduced here with their permission. The indexes are constructed according to rules developed by these firms and the index values are calculated by them.

Summary Breakdown of 2010 Debt Issuances

Includes all settled fixed-rate debt issues with maturities greater than one year. Variable rate debt is not included in totals.

Fannie Mae Callable Debt

Maturity/Call (Year)	*January 2010 Par Amount (in thousands)*	*# Issues*	*YTD 2010 Par Amount (in thousands)*	*# Issues*
2.00 NC 0.50	1,050,000,000	6	1,050,000,000	6
2.25 NC 0.50	75,000,000	1	75,000,000	1
2.50 NC 0.50	850,000,000	9	850,000,000	9
3.00 NC 0.50	2,775,000,000	18	2,775,000,000	18
3.00 NC 1.00	2,225,000,000	7	2,225,000,000	7
3.25 NC 0.75	100,000,000	1	100,000,000	1
3.50 NC 0.50	400,000,000	4	400,000,000	4
3.50 NC 1.49	100,000,000	2	100,000,000	2
4.00 NC 0.50	150,000,000	3	150,000,000	3
4.00 NC 0.75	75,000,000	2	75,000,000	2
4.00 NC 1.00	75,000,000	1	75,000,000	1
4.50 NC 0.50	125,000,000	2	125,000,000	2
5.00 NC 0.50	3,405,000,000	53	3,405,000,000	53
5.00 NC 1.00	775,000,000	8	775,000,000	8
5.00 NC 2.00	50,000,000	1	50,000,000	1
6.00 NC 0.50	50,000,000	1	50,000,000	1
6.00 NC 1.00	110,400,000	3	110,400,000	3
7.00 NC 0.50	370,000,000	7	370,000,000	7
7.00 NC 1.00	4,150,000,000	5	4,150,000,000	5
7.00 NC 2.00	50,000,000	1	50,000,000	1
8.00 NC 0.50	250,000,000	6	250,000,000	6
10.00 NC 0.50	560,000,000	15	560,000,000	15
10.00 NC 1.00	125,000,000	3	125,000,000	3
12.00 NC 0.50	100,000,000	2	100,000,000	2
15.00 NC 0.50	2,090,000,000	21	2,090,000,000	21
15.00 NC 1.00	350,000,000	7	350,000,000	7
TOTAL	**$20,435,400,000**	**189**	**$20,435,400,000**	**189**

2010 Debt Redemptions

Callable Debt Redeemed (in billions)

January	$	12.0
TOTAL	**$**	**12.0**

Summary Breakdown of 2010 Benchmark Notes Issuance

Fannie Mae Noncallable Benchmark Notes

Maturity	*January 10 Par Amount*	*# Issues*	*YTD 2010 Par Amount*	*# Issues*
2 Years				
3 Years	4,500,000,000	1	4,500,000,000	1
5 Years				
TOTAL			**$4,500,000,000**	**1**

Recent Benchmark Notes Transaction

Benchmark Securities	Size/Cusip	Lead-Managers	Co-Managers	Pricing Date and Spread	Geographic Distribution	Investor Type Distribution
3 year 1.750% 2/22/2013	$4.5 billion 31398AE24	Banc of America Securities; Goldman Sachs & Co.; J.P. Morgan & Co.	Barclays Capital, Inc.; Cabrera Capital Markets LLC; FTN Financial Capital Markets; MFR Securities, Inc.; RBC Capital Markets	January 14, 2010 +29.5 basis points 1.375% 1/15/2013 U.S. Treasury	U.S. 58.2% Asia 25.9% Europe 3.6% Other 12.3%	Fund Manager 45.9% Comm. Banks 6.9% Corporate/Pensions 4.2% Insurance 4.4% Central Banks 35.1% State & Local 3.1% Foundations/Non-Profit 0.2% Retail 0.2%