

**Supplement dated August 14, 1992 to  
Information Statement dated March 30, 1992**

# **Federal National Mortgage Association**



This Supplement describes the financial condition of the Federal National Mortgage Association ("Fannie Mae" or the "Corporation") as of June 30, 1992 and contains unaudited financial statements with respect to the Corporation for the quarter and six months ended June 30, 1992. This Supplement should be read in conjunction with the Corporation's Information Statement dated March 30, 1992 (the "Information Statement") and the Supplement dated May 15, 1992 thereto (the "May 15 Supplement"), which are hereby incorporated by reference. The Information Statement describes the business and operations of the Corporation and contains financial data as of December 31, 1991. The May 15 Supplement describes the financial condition of the Corporation as of March 31, 1992 and legislative and regulatory developments, and it also contains unaudited financial statements with respect to the Corporation for the quarter ended March 31, 1992. Fannie Mae also periodically makes available statistical information on its mortgage purchase and mortgage-backed securities volumes as well as other relevant information about Fannie Mae. Copies of the Corporation's current Information Statement, any supplements thereto and other available information can be obtained without charge from Paul Paquin, Senior Vice President—Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (telephone: 202-752-7115).

In conjunction with its securities offerings, the Corporation may incorporate this Supplement by reference in one or more other documents describing the securities offered thereby, the selling arrangements therefor, and other relevant information. Such other documents may be called an Offering Circular, Prospectus, Guide to Debt Securities or otherwise. This Supplement does not itself constitute an offer to purchase such securities.

Fannie Mae is a federally chartered corporation. Its principal office is located at 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (202/752-7000). Its Internal Revenue Service employer identification number is 52-0883107.

At the close of business on August 5, 1992, 273,029,872 shares of the Corporation's common stock (without par value) were outstanding.

**The delivery of this Supplement at any time shall not under any circumstances create an implication that there has been no change in the affairs of the Corporation since the date hereof or that the information contained herein is correct as of any time subsequent to its date.**

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## SELECTED FINANCIAL DATA

The following selected financial data for the three-month and six-month periods ended June 30, 1992 and 1991 are unaudited and include, in the opinion of management, all adjustments (consisting of normal accruals) necessary for a fair presentation. Operating results for the periods ended June 30, 1992 are not necessarily indicative of the results expected for the entire year.

(Dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
<b>Income Statement Data:</b>				
Interest income .....	\$ 3,389	\$ 3,132	\$ 6,623	\$ 6,269
Interest expense .....	2,871	2,694	5,616	5,404
Net interest income .....	518	438	1,007	865
Guaranty fees .....	203	163	397	319
Income from tax settlement .....	—	239	—	239
Gain (loss) on sales of mortgages, net .....	5	(53)	11	(50)
Miscellaneous income, net .....	45	23	81	42
Provision for losses .....	(80)	(130)	(160)	(210)
Administrative expenses .....	(95)	(78)	(181)	(150)
Income before federal income taxes and extraordinary item .....	596	602	1,155	1,055
Provision for federal income taxes .....	(185)	(185)	(356)	(318)
Income before extraordinary item .....	411	417	799	737
Extraordinary loss:				
Early redemption of debt .....	(9)	(86)	(15)	(86)
Net income .....	<u>\$ 402</u>	<u>\$ 331</u>	<u>\$ 784</u>	<u>\$ 651</u>
Per share:				
Earnings before extraordinary item:				
Primary .....	\$ 1.50	\$ 1.52	\$ 2.91	\$ 2.72
Fully diluted .....	1.50	1.52	2.91	2.71
Net earnings:				
Primary .....	1.47	1.21	2.86	2.40
Fully diluted .....	1.47	1.21	2.86	2.40
Cash dividends .....	0.34	0.26	0.64	0.48
<b>June 30,</b>				
	1992	1991		
<b>Balance Sheet Data:</b>				
Mortgage portfolio, net .....	\$139,755	\$120,103		
Total assets .....	162,478	138,181		
Borrowings:				
Due within one year .....	45,375	37,071		
Due after one year .....	103,638	89,535		
Total liabilities .....	156,346	133,195		
Stockholders' equity .....	6,132	4,986		
<b>Three Months Ended June 30,</b>				
	1992	1991		
<b>Other Data:</b>				
Net interest margin .....	1.39%	1.41%	1.42%	1.40%
Return on average equity .....	27.0	27.3	27.0	28.2
Return on average assets .....	1.0	1.0	1.0	1.0
Ratio of earnings to fixed charges .....	1.20:1	1.17:1	1.20:1	1.17:1
Dividend payout ratio .....	23.0%	21.4%	22.3%	19.8%
Equity to assets ratio .....	3.8	3.6	3.8	3.4
Mortgage purchases .....	\$ 18,643	\$ 10,537	\$ 36,092	\$ 16,097
MBS issued .....	53,815	29,658	95,037	47,877
MBS outstanding at period end (1) .....	413,226	331,089	413,226	331,089

(1) Included are Fannie Mae MBS held in the mortgage portfolio totaling \$19.2 billion and \$13.4 billion at June 30, 1992 and 1991, respectively.



The following rate/volume analysis shows the relative contribution of asset and debt growth and interest rate changes to changes in net interest income for the three-month and six-month periods ended June 30, 1992 and 1991.

### Rate/Volume Analysis

(Dollars in millions)

	Second Quarter 1992 vs. Second Quarter 1991			First Six Months 1992 vs. First Six Months 1991		
	Increase (Decrease)	Attributable to Changes in (1)		Increase (Decrease)	Attributable to Changes in (1)	
		Volume	Rate		Volume	Rate
Interest income:						
Mortgage portfolio .....	\$279	\$449	\$(170)	\$ 502	\$797	\$(295)
Investments and cash equivalents....	(22)	84	(106)	(148)	18	(166)
Total interest income .....	257	533	(276)	354	815	(461)
Interest expense .....	177	398	(221)	212	571	(359)
Net interest income .....	<u>\$ 80</u>	<u>\$135</u>	<u>\$( 55)</u>	<u>\$ 142</u>	<u>\$244</u>	<u>\$(102)</u>

(1) Combined rate/volume variances, a third element of the calculation, are allocated to the rate and volume variances based on their relative size.

Guaranty fee income in the second quarter increased by \$40 million, or 25 percent, to \$203 million, resulting from a 24 percent increase in average Mortgage-Backed Securities ("MBS") outstanding when compared with the second quarter of 1991. For the first six months of 1992, guaranty fee income increased by \$78 million, or 25 percent, to \$397 million, also resulting from a 24 percent increase in average MBS outstanding over the comparable period in 1991.

In the second quarter of 1992, miscellaneous income rose 90 percent to \$45 million versus \$23 million in the second quarter of 1991. For the first half of 1992, miscellaneous income rose 92 percent to \$81 million versus \$42 million in the first half of 1991. The increases in miscellaneous income were primarily a result of higher REMIC fee income which was derived from the continued increases in REMIC issuances. The growth in REMIC issuances was due to increased availability of collateral and increased investor demand.

The following table summarizes REMIC activity for the three-month and six-month periods ended June 30, 1992 and 1991.

### REMIC Issuances and Fees

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
REMIC issuances (in billions) .....	\$42	\$25	\$75	\$37
Net fee income (in millions) .....	22	16	45	22

Administrative expenses for the quarter ended June 30, 1992 were \$95 million, compared with \$78 million during the same period in 1991. For the six months ended June 30, 1992, administrative expenses were \$181 million, compared with \$150 million for the same period in 1991. Increased salaries and compensation-related expenses were the primary reasons for the overall increases. Compensation expense was \$52 million (54 percent of administrative expenses) in the second quarter of 1992, compared with \$45 million (57 percent) in the second quarter of 1991. For the first half of 1992, compensation expense was \$101 million (56 percent of administrative expenses), compared with \$89 million (59 percent) in the first half of 1991. The ratio of administrative expenses to the

average mortgage portfolio plus average MBS outstanding was .07 percent (annualized) for each of the periods presented.

The effective federal income tax rates for the second quarter of 1992 and 1991 were both 31 percent. The effective federal income tax rates for the first half of 1992 and 1991 were 31 percent and 30 percent, respectively.

In the second quarter of 1992, the Corporation had an extraordinary loss of \$13 million (\$9 million after tax) from the repurchase or call of debt compared with a loss of \$131 million (\$86 million after tax) in the second quarter of 1991. An extraordinary loss of \$23 million (\$15 million after tax) was reported in the first half of 1992 from the repurchase or call of debt compared with a loss of \$131 million (\$86 million after tax) in the first half of 1991.

### Credit Data

The following table shows the Corporation's serious delinquencies, foreclosures and net charge-offs as of June 30, 1992 and 1991.

	Delinquency Rate (1) June 30,		Number of Properties Acquired				Net Charge-offs (Dollars in millions)			
			Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
			1992	1991	1992	1991	1992	1991	1992	1991
Single-family .....	.58%	0.60%	2,391	1,940	4,629	3,632	\$47	\$37	\$ 90	\$72
Multifamily .....	2.93%	2.93%	6	8	9	14	12	15	25	26
Total .....							<u>\$59</u>	<u>\$52</u>	<u>\$115</u>	<u>\$98</u>

- (1) Single-family serious delinquency rates are based on the number of loans delinquent 90 days or more and all delinquent loans in foreclosure or in relief. Multifamily serious delinquency rates are based on the unpaid principal balance of loans delinquent 60 days or more. All serious delinquency rates include loans in portfolio and underlying MBS for which the Corporation has the primary risk of loss.

Due to the increasing volume of loans outstanding and the likely effects of previous quarters' higher levels of delinquent loans, management expects an increase in acquisitions of foreclosed properties during the last half of 1992.

The inventory of single-family properties was 3,638 as of June 30, 1992, compared with 3,271 properties as of June 30, 1991. The inventory of multifamily properties was 27 as of June 30, 1992, compared with 32 properties as of June 30, 1991.

### Balance Sheet Analysis

#### *Mortgage Portfolio*

The Corporation purchased \$18.6 billion of mortgages at an average yield of 8.10 percent in the second quarter of 1992, compared with \$10.5 billion of mortgages at an average yield of 9.16 percent in the second quarter of 1991. In the first six months of 1992, mortgage purchases were \$36.1 billion at an average yield of 8.06 percent, compared with \$16.1 billion at an average yield of 9.20 percent in the first six months of 1991. The increase in mortgage purchases in 1992 has been primarily due to an increase in the number of mortgages offered for sale in the secondary market, resulting in large part from the high level of refinancing activity because of a significant decline in mortgage rates.

Mortgage loan repayments during the second quarter of 1992 totaled \$8.6 billion, compared with \$4.7 billion in the second quarter of 1991. During the first half of 1992, mortgage loan repayments were \$17.2 billion compared with \$7.4 billion in the first half of 1991. The increase in loan repayments



was primarily due to the high level of refinancing activity. Sales from portfolio totaled \$4.2 billion for the second quarter of 1992 compared with \$2.0 billion for the second quarter of 1991, while sales from portfolio totaled \$5.4 billion for the first half of 1992 compared with \$2.2 billion for the first half of 1991.

As of June 30, 1992, the net mortgage portfolio totaled \$139.8 billion with a yield (before deducting the allowance for losses) of 9.15 percent, compared with \$126.5 billion at 9.54 percent as of December 31, 1991 and \$120.1 billion at 9.78 percent as of June 30, 1991. The decrease in yield was primarily due to a decline in conventional mortgage purchase yields as interest rates declined.

At June 30, 1992, the Corporation had mandatory delivery commitments and lender option commitments outstanding to purchase \$4.0 billion and \$10.1 billion of mortgage loans, respectively, compared with \$4.7 billion and \$5.6 billion, respectively, of such commitments outstanding at December 31, 1991.

### *Financing and Other Activities*

During the second quarter of 1992, the Corporation issued \$51.6 billion of debt at an average cost of 4.20 percent and redeemed \$44.0 billion at an average cost of 4.39 percent. Debt issued in the second quarter of 1991, totaled \$49.1 billion at an average cost of 6.18 percent, and debt redeemed was \$47.4 billion at an average cost of 6.52 percent. During the first six months of 1992, \$107.1 billion of debt was issued at an average cost of 4.28 percent and \$91.6 billion was redeemed at an average cost of 4.49 percent. In the first six months of 1991, debt issued totaled \$91.3 billion at an average cost of 6.40 percent, and debt redeemed totaled \$88.1 billion at an average cost of 6.79 percent. The average cost of debt outstanding at June 30, 1992, December 31, 1991 and June 30, 1991 was 7.76 percent, 8.25 percent and 8.53 percent respectively.

The Corporation's statutory debt-to-capital ratio at June 30, 1992 was 17.5:1, compared with 15.9:1 at December 31, 1991. The Secretary of Housing and Urban Development requires that this ratio not exceed 20:1. At June 30, 1992, the Corporation's subordinated debt-to-equity ratio was 0.2:1, compared with 0.3:1 at December 31, 1991.

The Corporation's shareholders' equity at June 30, 1992 was \$6.1 billion, compared with \$5.5 billion at December 31, 1991, and \$5.0 billion at June 30, 1991. On July 21, 1992, the Board of Directors approved a dividend on the Corporation's common stock of 34 cents per share for the quarter ended June 30, 1992. As of June 30, 1992, there were 273 million shares of common stock outstanding.

### **Mortgage-Backed Securities**

The Corporation issued \$53.8 billion of MBS during the second quarter of 1992, compared with \$29.7 billion in the second quarter of 1991. MBS issued in the first half of 1992 totaled \$95.0 billion compared to \$47.9 billion in the first half of 1991. The increase in MBS issuances was primarily due to the high level of refinancing activity which resulted from lower interest rates.

The following table summarizes MBS activity for the three-month and six-month periods ended June 30, 1992 and 1991.

### Summary of MBS Activity

(Dollars in millions)

Three Months Ended June 30,	Issued				Outstanding (1)		
	Lender Originated (1)		Fannie Mae Originated	Total	Lender Risk (2)	Fannie Mae Risk (3)	Total (4)
Lender Risk	Fannie Mae Risk						
1992 .....	\$4,013	\$44,287	\$5,515	\$53,815	\$89,477	\$323,749	\$413,226
1991 .....	2,646	24,735	2,277	29,658	97,010	234,079	331,089
<b>Six Months Ended June 30,</b>							
1992 .....	\$6,730	\$79,768	\$8,539	\$95,037			
1991 .....	4,777	40,329	2,771	47,877			

- (1) This table classifies lender originated MBS issued and MBS outstanding based on primary default risk category; however, Fannie Mae bears the ultimate risk of default on all MBS. MBS outstanding includes MBS that have been pooled to back Megas, SMBS, or REMICs.
- (2) Included in lender risk are \$40.8 billion and \$38.1 billion at June 30, 1992 and 1991, respectively, on which the lender or a third party agreed to bear default risk limited to a certain portion or percentage of the loans delivered and, in some cases, the lender has pledged collateral to secure that obligation.
- (3) Included are \$8.6 billion at June 30, 1992 and \$9.7 billion at June 30, 1991, which are backed by government insured or guaranteed mortgages.
- (4) Included are \$19.2 billion and \$13.4 billion at June 30, 1992 and 1991, respectively, of Fannie Mae MBS in portfolio.

The increase in MBS outstanding where Fannie Mae has primary default risk is primarily due to lender reaction to capital rules that require lenders to have more capital for MBS where they bear default risk.

#### New Accounting Standard

On April 28, 1992, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued *Statement of Position No. 92-3, "Accounting for Foreclosed Assets"* (SOP 92-3). The new SOP requires all companies to use the fair value method to record foreclosed assets. Since Fannie Mae uses a net realizable value approach for valuing its foreclosed properties, the Corporation will change from its current accounting method in January 1993 to comply with the new standard.

Fannie Mae's current policy is to record foreclosed assets at the lower of cost or net realizable value. To calculate net realizable value, foreclosure, holding, disposition and interest carrying costs are deducted from the fair value of a property. The difference between net realizable value and the principal owed is recorded as a charge-off.

Under the new method, foreclosed assets must be recorded at their fair value. The difference between fair value and the principal owed will be recorded as a charge-off. Foreclosure, holding and disposition costs will be charged directly against earnings and be reported in a new expense line included in the income statement titled, "Foreclosed Property Expense." Interest carrying costs, which are currently recorded as a charge-off, will be reported as a reduction of net interest income.



Since the level of loss allowance appropriate to cover future years charge-offs will be substantially lower under the new standard than under the Corporation's current method, management in all likelihood will not find it necessary to increase significantly the size of the allowance for a two- to three-year period.

In anticipation of the adoption of the new accounting standard, management intends to maintain its provision for loan losses at \$80 million for the third and fourth quarters of 1992. Management currently believes that the total of provision for loan losses, foreclosed property expense, and interest carrying costs will be in the range of \$325 million in 1993.

### **RECENT LEGISLATIVE AND REGULATORY DEVELOPMENTS**

On July 1, 1992, the United States Senate approved the Federal Housing Enterprises Regulatory Reform Act of 1992 (S. 2733), which would set specific capital standards for Fannie Mae and the Federal Home Loan Mortgage Corporation ("Freddie Mac") and establish an independent Office of Federal Housing Enterprise Oversight within the Department of Housing and Urban Development ("HUD") to oversee regulatory and capital requirements.

The major provisions of the bill, as reported by the Senate Banking Committee, are described in the Information Statement Supplement dated May 15, 1992. The bill that passed the Senate contains minor changes that are relevant to Fannie Mae and other amendments that are unrelated to Fannie Mae. The additional provisions regarding Fannie Mae do not affect the description of the bill, as set forth in the Information Statement Supplement dated May 15, 1992.

As of August 14, 1992, the bill had not been referred to a conference committee.

### **MATTER SUBMITTED TO STOCKHOLDERS**

An annual meeting of stockholders of Fannie Mae was held on May 21, 1992. At this meeting, a stockholder proposal to reinstate cumulative voting for directors, which the Board of Directors recommended that stockholders vote against, was defeated by a vote of 158,844,543 (approximately 73.6% of the votes cast) against the proposal and a vote of 56,892,549 (approximately 26.4% of the votes cast) for the proposal. Under the proposal, the Board of Directors would have been requested to take the necessary steps to provide for cumulative voting in the election of directors, which would mean that each stockholder would be entitled to as many votes as the number of shares the stockholder owns multiplied by the number of directors to be elected, and the stockholder could cast all such votes for one or more candidates.

### **MANAGEMENT**

In May 1992, the President of the United States reappointed Mr. Salvador Bonilla-Mathé, Mr. George L. Clark, Jr., Ms. Christine M. Diemer, Mr. J. Brian Gaffney, and Dr. Gloria E. A. Toote to the Board of Directors. At the annual meeting of stockholders on May 21, 1992, the other members of the Board of Directors identified in the Information Statement were elected to another term that expires on the date of the 1993 annual meeting.

In June 1992, Mr. Michael A. Smilow, Executive Vice President and Chief Credit Officer of Fannie Mae, announced his retirement from the Corporation effective at the end of January 1993.

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**FEDERAL NATIONAL MORTGAGE ASSOCIATION**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<u>Three Months</u> <u>Ended June 30,</u>		<u>Six Months</u> <u>Ended June 30,</u>	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	(Dollars in millions)			
Net cash provided (used) by operating activities .....	\$ (102)	\$ 923	\$ 1,697	\$ 1,806
Cash flows from investing activities:				
Purchases of mortgages .....	(18,593)	(10,471)	(36,024)	(16,007)
Proceeds from sales of mortgages .....	4,212	1,978	5,419	2,097
Mortgage principal repayments .....	8,734	4,890	17,399	7,726
Net decrease (increase) in investments .....	<u>2,319</u>	<u>1,219</u>	<u>2,210</u>	<u>(64)</u>
Net cash used by investing activities .....	<u>(3,328)</u>	<u>(2,384)</u>	<u>(10,996)</u>	<u>(6,248)</u>
Cash flows from financing activities:				
Cash proceeds from issuance of debt .....	51,354	48,795	106,460	90,721
Cash payments to retire debt .....	(44,038)	(47,485)	(91,661)	(88,209)
Other .....	<u>(99)</u>	<u>(70)</u>	<u>(205)</u>	<u>384</u>
Net cash provided by financing activities .....	<u>7,217</u>	<u>1,240</u>	<u>14,594</u>	<u>2,896</u>
Net increase (decrease) in cash and cash equivalents .....	3,787	(221)	5,295	(1,546)
Cash and cash equivalents at beginning of period .....	<u>4,702</u>	<u>2,853</u>	<u>3,194</u>	<u>4,178</u>
Cash and cash equivalents at end of period .....	<u>\$ 8,489</u>	<u>\$ 2,632</u>	<u>\$ 8,489</u>	<u>\$ 2,632</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**

**Basis of Presentation**

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and six-month periods ended June 30, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. The unaudited interim financial statements should be read in conjunction with the audited financial statements and notes to financial statements that are presented in the Information Statement dated March 30, 1992.

## NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

### Commitments and Contingencies

The Corporation had outstanding commitments to purchase mortgages and to issue MBS as shown below:

	<u>June 30, 1992</u> (Dollars in billions)
Commitments to purchase mortgages:	
Mandatory delivery .....	\$ 4.0
Lender option(1) .....	8.5
Commitments to issue MBS:	
Mandatory delivery(1) .....	.8
Lender option(1) .....	9.7
Master commitments(2) .....	70.5

(1) Excludes commitments attached to master commitments, which are included in the total for master commitments.

(2) Under a master commitment, a lender must convert to either a mandatory delivery MBS or mortgage purchase commitment with the guaranty fee or yield established at the time of conversion.

The Corporation also guarantees timely payment of principal and interest on outstanding MBS as summarized below:

	<u>June 30, 1992</u> (Dollars in billions)
Total MBS outstanding .....	\$413.2
Amount for which the Corporation has primary foreclosure loss risk(1):	
Conventional .....	315.1
Government-insured or guaranteed .....	8.6

(1) The Corporation, however, assumes the ultimate risk of loss on all MBS.

### Extraordinary Loss

In the second quarter of 1992, the Corporation had an extraordinary loss of \$13 million (\$9 million after tax) from the repurchase or call of debt compared with a loss of \$131 million (\$86 million after tax) in the second quarter of 1991. An extraordinary loss of \$23 million (\$15 million after tax) was reported in the first half of 1992 from the repurchase or call of debt compared with a loss of \$131 million (\$86 million after tax) in the first half of 1991.

### Income From Resolution of Tax Case

In April 1991, the Supreme Court denied the IRS's petition for certiorari in the Corporation's case relating to concurrent mortgage sales. As a result, the Corporation recognized \$239 million of income in the second quarter of 1991.

## COMPUTATION OF EARNINGS PER SHARE

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
	(In millions, except per share data)			
<b>Primary Earnings Per Share:</b>				
Average common shares outstanding .....	273.1	272.7	273.2	266.2
Effect of common stock equivalents .....	1.0	1.2	1.1	5.4
Average primary shares outstanding .....	274.1	273.9	274.3	271.6
Income before extraordinary item .....	\$ 411	\$ 417	\$ 799	\$ 737
Net income .....	402	331	784	651
Primary earnings per share before extraordinary item .....	\$ 1.50	\$ 1.52	\$ 2.91	\$ 2.72
Primary earnings per share .....	1.47	1.21	2.86	2.40
<b>Fully Diluted Earnings Per Share:</b>				
Average common shares outstanding .....	273.1	272.7	273.2	266.2
Effect of common stock equivalents .....	1.1	1.4	1.2	5.8
Average fully diluted shares outstanding .....	274.2	274.1	274.4	272.0
Income before extraordinary item .....	\$ 411	\$ 417	\$ 799	\$ 737
Net income .....	402	331	784	651
Fully diluted earnings per share before extraordinary item .....	\$ 1.50	\$ 1.52	\$ 2.91	\$ 2.71
Fully diluted earnings per share .....	1.47	1.21	2.86	\$ 2.40