

Supplement dated May 13, 1994 to
Information Statement dated March 31, 1994

Federal National Mortgage Association



This Supplement describes the financial condition of the Federal National Mortgage Association ("Fannie Mae" or the "Corporation") as of March 31, 1994 and contains unaudited financial statements with respect to the Corporation for the quarter ended March 31, 1994. This Supplement should be read in conjunction with the Corporation's Information Statement dated March 31, 1994 (the "Information Statement"), which is hereby incorporated by reference. The Information Statement describes the business and operations of the Corporation and contains financial data as of December 31, 1993. 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, including the Corporation's Proxy Statement dated March 28, 1994, can be obtained without charge from the Office of 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 sell or a solicitation of 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.

The Corporation's securities are not required to be registered under the Securities Act of 1933. At the close of business on April 29, 1994, approximately 273,501,000 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.

TABLE OF CONTENTS

<u>Caption</u>	<u>Page</u>
Selected Financial Data	3
Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three Months Ended March 31, 1994	4
Index to Interim Financial Statements	9
Management	15

SELECTED FINANCIAL DATA

The following selected financial data for the three months ended March 31, 1994 and 1993 are unaudited and include, in the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation. Operating results for the three months ended March 31, 1994 are not necessarily indicative of the results expected for the entire year.

(Dollars in millions, except per share amounts)

	Three Months Ended March 31,	
	1994	1993
Income Statement Data:		
Interest income	\$ 3,973	\$ 3,582
Interest expense	3,309	2,978
Net interest income	664	604
Guaranty fees	270	230
Gain on sales of mortgages, net	2	4
Miscellaneous income, net	59	47
Provision for losses	(40)	(45)
Foreclosed property expenses	(60)	(33)
Administrative expenses	(124)	(103)
Income before federal income taxes and extraordinary item	771	704
Provision for federal income taxes	(252)	(220)
Income before extraordinary item	519	484
Extraordinary loss, net of tax effect	(8)	(40)
Net income	<u>\$ 511</u>	<u>\$ 444</u>
Per share:		
Earnings before extraordinary item	\$ 1.89	\$ 1.76
Net earnings	1.86	1.61
Cash dividends	0.60	0.40
March 31,		
	1994	1993
Balance Sheet Data:		
Mortgage portfolio, net	\$196,823	\$159,258
Total assets	231,908	180,260
Borrowings:		
Due within one year	83,835	50,616
Due after one year	132,595	115,202
Total liabilities	223,431	173,102
Stockholders' equity	8,477	7,158
Three Months Ended March 31,		
	1994	1993
Other Data:		
Net interest margin	1.26%	1.43%
Return on average equity	24.8	25.5
Return on average assets .....	.9	1.0
Ratio of earnings to fixed charges(1)	1.23:1	1.22:1
Dividend payout ratio	32.1%	24.7%
Equity to assets ratio	3.7	4.0
Mortgage purchases	\$ 19,166	\$ 13,841
MBS issued	52,805	38,970
MBS outstanding at March 31	507,376	457,316
Capital(2)	9,305	7,953

(1) For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consists of income before federal taxes and fixed charges. "Fixed charges" represents interest expense.

(2) Stockholders' equity plus allowance for losses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1994

Results of Operations

In the first quarter of 1994, Fannie Mae again reported record earnings. Net income grew \$67 million or 15 percent from the \$444 million earned in the first quarter of 1993, primarily due to increases in net interest income and guaranty fee income and a reduction in the extraordinary loss on the early retirement of debt.

Net interest income in the first three months of 1994 increased 10 percent compared with the first three months of 1993, primarily as a result of 24 percent growth in the average investment portfolio, which was offset, in part, by a decline in net interest margin.

The following table presents an analysis of net interest income for the three months ended March 31, 1994 and 1993.

Net Interest Income and Average Balances
(Dollars in millions)

	Three Months Ended March 31,	
	1994	1993
Interest income:		
Mortgage portfolio	\$ 3,731	\$ 3,383
Investments and cash equivalents	242	199
Total interest income	<u>3,973</u>	<u>3,582</u>
Interest expense (1):		
Short-term debt	398	335
Long-term debt	2,911	2,643
Total interest expense	<u>3,309</u>	<u>2,978</u>
Net interest income	664	604
Tax equivalent adjustment (2)	29	30
Net interest income tax equivalent basis	<u>\$ 693</u>	<u>\$ 634</u>
Average balances:		
Interest-earning assets (3):		
Mortgage portfolio, net	\$193,775	\$157,250
Investments and cash equivalents	26,329	19,942
Total interest-earning assets	<u>\$220,104</u>	<u>\$177,192</u>
Interest-bearing liabilities (1):		
Short-term debt	\$ 44,479	\$ 33,296
Long-term debt	160,516	130,478
Total interest-bearing liabilities	<u>204,995</u>	<u>163,774</u>
Interest-free funds	15,109	13,418
Total interest-bearing liabilities and interest-free funds	<u>\$220,104</u>	<u>\$177,192</u>
Average interest rates (2):		
Interest-earning assets:		
Mortgage portfolio, net	7.72%	8.65%
Investments and cash equivalents	3.74	4.04
Total interest-earning assets	<u>7.25</u>	<u>8.13</u>
Interest-bearing liabilities (1):		
Short-term debt	3.48	3.66
Long-term debt	7.25	8.11
Total interest-bearing liabilities	<u>6.44</u>	<u>7.20</u>
Investment spread . . . . .	.81	.93
Interest-free return (4) . . . . .	.44	.54
Miscellaneous . . . . .	.01	(.04)
Net interest margin	<u>1.26%</u>	<u>1.43%</u>

- (1) Classification of interest expense and interest-bearing liabilities as short-term or long-term is based on effective maturity or repricing date, taking into consideration the effect of interest rate swaps.
- (2) Reflects pro forma adjustments to permit comparison of yields on tax-advantaged and taxable assets.
- (3) Includes average balance of nonperforming loans of \$1.4 billion and \$1.2 billion for the three months ended March 31, 1994 and 1993, respectively.
- (4) The return on that portion of the investment portfolio funded by equity and non-interest-bearing liabilities.

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 months ended March 31, 1994 and 1993.

Rate/Volume Analysis

(Dollars in millions)

	Increase (Decrease)	Attributable to Changes in (1)	
		Volume	Rate
First Quarter 1994 vs. First Quarter 1993			
Interest income:			
Mortgage portfolio	\$348	\$729	\$(381)
Investments and cash equivalents	<u>43</u>	<u>60</u>	<u>(17)</u>
Total interest income	<u>391</u>	<u>789</u>	<u>(398)</u>
Interest expense:			
Short-term debt	63	103	(40)
Long-term debt	<u>268</u>	<u>565</u>	<u>(297)</u>
Total interest expense	<u>331</u>	<u>668</u>	<u>(337)</u>
Net interest income	<u>\$ 60</u>	<u>\$121</u>	<u>\$ (61)</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 increased by \$40 million, or 17 percent, to \$270 million. This change resulted primarily from 11 percent growth in average Mortgage-Backed Securities ("MBS") outstanding when compared with the first quarter of 1993.

In the first three months of 1994, miscellaneous income increased 26 percent to \$59 million versus \$47 million in the first three months of 1993, as a result of higher REMIC fees. Net REMIC fees increased by \$13 million to \$36 million in the first quarter of 1994. During the remainder of 1994, management believes that REMIC fees are likely to be lower than in the first quarter, reflecting lower mortgage origination volumes.

Administrative expenses for the quarter ended March 31, 1994 were \$124 million, compared with \$103 million during the same period in 1993, primarily due to increased staffing and technology-related expenses. Compensation expense was \$71 million in the first quarter of 1994, compared with \$59 million in the first quarter of 1993. The ratio of administrative expenses to the average mortgage portfolio plus average MBS outstanding was .074 percent in the first quarter of 1994 and .070 percent in the first quarter of 1993. The ratio of administrative expenses to revenues (net interest income, guaranty fees, and miscellaneous income) was 12.5 percent for the first quarter of 1994, compared with 11.8 percent for the first quarter of 1993.

The effective federal income tax rates for the first three months of 1994 and 1993 were 33 percent and 31 percent, respectively. The increase primarily reflected the increase in the statutory federal income tax rate from 34 percent to 35 percent.

The Corporation had extraordinary losses of \$13 million (\$8 million after tax) and \$61 million (\$40 million after tax) in the quarters ended March 31, 1994 and 1993, respectively, from the repurchase or call of debt. The repurchase or call of high-coupon debt favorably affects the Corporation's cost of funds in future periods.

Credit Data

The following table shows the Corporation's serious delinquencies for conventional loans in portfolio and underlying MBS at March 31, 1994 and 1993, and conventional properties acquired and total net charge-offs for the quarters ended March 31, 1994 and 1993.

	Delinquency Rate (1)		Number of Properties Acquired		Net Charge-offs (Dollars in millions)	
	March 31, 1994	March 31, 1993	March 31, 1994	March 31, 1993	March 31, 1994	March 31, 1993
Single-family . . .	.56%	.61%	3,122	2,747	\$39	\$25
Multifamily	2.57	2.66	11	6	14	5
Total					<u>\$53</u>	<u>\$30</u>

(1) Single-family serious delinquencies consist of those loans in the portfolio or underlying MBS for which the Corporation has the primary risk of loss that are 90 or more days delinquent, in relief, or foreclosure. Multifamily serious delinquencies are those loans in the portfolio or underlying MBS that are 60 days or more delinquent for which the Corporation has primary risk of loss. The single-family and multifamily percentages are based on the number of such single-family loans and dollar amount of such multifamily loans, respectively, in the portfolio and underlying MBS.

The increase in single-family properties acquired primarily reflects the high volume of loans purchased or securitized in the late 1980s, which are in their peak foreclosure years, as well as weak economic conditions in California and the Northeast.

Charge-offs in the first quarter of 1994 included \$25 million related to the January 17, 1994 Northridge, California earthquake, of which \$15 million related to single-family loans and \$10 million related to multifamily loans.

The inventory of single-family properties was 5,522 as of March 31, 1994, compared with 4,872 as of March 31, 1993. The inventory of multifamily properties was 53 as of March 31, 1994, compared with 38 as of March 31, 1993.

Total credit-related expenses, which include foreclosed property expenses and the provision for losses, were \$100 million in the first quarter of 1994, compared with \$78 million in the first quarter of 1993. The increase was primarily due to higher gains on property sales in the first quarter of 1993, which offset foreclosed property expenses, compared with the same period in 1994. The sum of net charge-offs and foreclosed property expenses in the three months ended March 31, 1994 was \$113 million, compared with \$63 million in net charge-offs during the same period in 1993.

The allowance for losses decreased to \$828 million at March 31, 1994 from \$841 million at December 31, 1993.

Balance Sheet Analysis

Mortgage Portfolio

The Corporation purchased \$19.2 billion of mortgages at an average yield of 6.81 percent in the first three months of 1994, compared with \$13.8 billion of mortgages at an average yield of 7.42 percent in the first three months of 1993. The increase in mortgage purchases in 1994 was primarily due to growth in the number of mortgages offered for sale in the secondary market.

Mortgage loan repayments during the first quarter of 1994 totaled \$10.8 billion, compared with \$7.6 billion in the first quarter of 1993. The increase in loan repayments was primarily due to the

higher level of refinancing activity. Sales from portfolio totaled \$1.2 billion for the first three months of 1994, compared with \$3.0 billion for the first three months of 1993.

As of March 31, 1994, the net mortgage portfolio totaled \$196.8 billion with a yield (before deducting the allowance for losses) of 7.68 percent, compared with \$189.9 billion at 7.79 percent as of December 31, 1993. The decrease in yield was primarily due to the prepayment of higher coupon mortgages and a decline in conventional mortgage purchase yields as interest rates declined.

At March 31, 1994, the Corporation had mandatory delivery commitments and lender option commitments outstanding to purchase \$8.1 billion and \$7.7 billion of mortgage loans, respectively, compared with \$7.0 billion and \$7.4 billion, respectively, of such commitments outstanding at December 31, 1993.

Financing and Other Activities

During the first three months of 1994, the Corporation issued \$119.5 billion of debt at an average cost of 3.52 percent and redeemed \$104.3 billion at an average cost of 3.52 percent. Debt issued in the first three months of 1993 totaled \$58.0 billion at an average cost of 3.35 percent, and debt redeemed was \$58.6 billion at an average cost of 3.69 percent. The average cost of debt outstanding at March 31, 1994 and December 31, 1993 was 6.31 percent and 6.53 percent, respectively.

The Corporation's shareholders' equity at March 31, 1994 was \$8.5 billion, compared with \$8.1 billion at December 31, 1993.

As discussed in the Information Statement under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Balance Sheet Analysis—Regulatory Capital Requirements," the Corporation, effective October 28, 1992, is subject to revised capital standards. As of December 31, 1993, the Corporation met the applicable standards. Management believes that the Corporation also met the applicable capital standards at March 31, 1994 and that at that date the Corporation exceeded the higher minimum capital standard that became effective in April 1994. Management expects that continued growth in retained earnings will ensure continued compliance with the applicable standards.

Mortgage-Backed Securities

The Corporation issued \$52.8 billion of MBS during the first three months of 1994, compared with \$39.0 billion in the first three months of 1993. REMIC issuances increased 3 percent in the first quarter of 1994 to \$32.7 billion from the \$31.7 billion in REMIC issuances in the comparable period in 1993.

The following table summarizes MBS activity for the three months ended March 31, 1994 and 1993.

Summary of MBS Activity

(Dollars in millions)

March 31,	Issued				Outstanding (1)		
	Lender Originated (1)			Total	Lender Risk (2)	Fannie Mae Risk (3)	Total (4)
	Lender Risk	Fannie Mae Risk	Fannie Mae Originated				
1994	\$1,454	\$49,033	\$2,318	\$52,805	\$57,073	\$450,303	\$507,376
1993	1,084	34,437	3,449	38,970	75,402	381,914	457,316

- (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 \$32.1 billion and \$38.4 billion at March 31, 1994 and 1993, 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 \$6.0 billion at March 31, 1994 and \$7.6 billion at March 31, 1993, which are backed by government insured or guaranteed mortgages.
- (4) Included are \$25.4 billion and \$20.0 billion at March 31, 1994 and 1993, respectively, of Fannie Mae MBS in portfolio.

Adoption of New Accounting Standard

In the first quarter of 1994, the Corporation adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Adoption of this standard did not have a material impact on earnings. For further information regarding this standard, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—New Accounting Standards" in the Corporation's Information Statement.

INDEX TO INTERIM FINANCIAL STATEMENTS

<u>Caption</u>	<u>Page</u>
Independent Accountants' Review Report	10
Condensed Statements of Income	11
Condensed Balance Sheets	11
Condensed Statements of Cash Flows	12
Notes to Interim Financial Statements	12
Computation of Earnings Per Share	14

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Fannie Mae:

We have reviewed the accompanying condensed balance sheet of Fannie Mae (Federal National Mortgage Association) as of March 31, 1994 and the related condensed statements of income and cash flows for the three-month period then ended. These financial statements are the responsibility of Fannie Mae's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based upon our review, we are not aware of any material modifications that should be made to the accompanying condensed financial statements as of and for the three-month period ended March 31, 1994, for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of Fannie Mae as of December 31, 1993 (presented herein in condensed format) and the related statements of income and cash flows for the year then ended (not presented herein); and in our report dated January 11, 1994, we expressed an unqualified opinion on those financial statements. We have not audited or reviewed the accompanying condensed statements of income and cash flows for the three-month period ended March 31, 1993, and, accordingly, do not express an opinion or any other form of assurance on them.

KPMG PEAT MARWICK

Washington, D.C.
April 12, 1994

FANNIE MAE
INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,	
	1994	1993
	(Dollars in millions, except per share amounts)	
Interest income	\$ 3,973	\$ 3,582
Interest expense	<u>3,309</u>	<u>2,978</u>
Net interest income	664	604
Guaranty fees	270	230
Gain on sales of mortgages, net	2	4
Miscellaneous income, net	59	47
Provision for losses	(40)	(45)
Foreclosed property expenses	(60)	(33)
Administrative expenses	<u>(124)</u>	<u>(103)</u>
Income before federal income taxes and extraordinary item	771	704
Provision for federal income taxes	<u>(252)</u>	<u>(220)</u>
Income before extraordinary item	519	484
Extraordinary loss — early extinguishment of debt (net of tax effect)	<u>(8)</u>	<u>(40)</u>
Net income	<u>\$ 511</u>	<u>\$ 444</u>
Per share:		
Earnings before extraordinary item	\$ 1.89	\$ 1.76
Net earnings	1.86	1.61
Cash dividends	0.60	0.40

CONDENSED BALANCE SHEETS
(Unaudited)

	March 31, 1994	December 31, 1993
		(Dollars in millions)
Assets		
Mortgage portfolio, net	\$196,823	\$189,892
Investments	28,620	21,396
Other assets	<u>6,465</u>	<u>5,691</u>
Total assets	<u>\$231,908</u>	<u>\$216,979</u>
Liabilities		
Debtures, notes, and bonds, net		
Due within one year	\$ 83,835	\$ 71,950
Due after one year	132,595	129,162
Other liabilities	<u>7,001</u>	<u>7,815</u>
Total liabilities	223,431	208,927
Stockholders' equity	<u>8,477</u>	<u>8,052</u>
Total liabilities and stockholders' equity	<u>\$231,908</u>	<u>\$216,979</u>

See Notes to Interim Financial Statements

FANNIE MAE
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	<u>Three Months</u> <u>Ended March 31,</u>	
	<u>1994</u>	<u>1993</u>
	<u>(Dollars in millions)</u>	
Net cash (used) provided by operating activities	\$ (22)	\$ 160
Cash flows from investing activities:		
Purchases of mortgages	(19,122)	(13,982)
Proceeds from sales of mortgages	1,213	3,016
Mortgage principal repayments	11,228	7,897
Net (increase) decrease in investments	<u>(7,224)</u>	<u>4,174</u>
Net cash (used) provided by investing activities	<u>(13,905)</u>	<u>1,105</u>
Cash flows from financing activities:		
Cash proceeds from issuance of debt	125,150	57,811
Cash payments to retire debt	(110,411)	(58,641)
Other	<u>(99)</u>	<u>(57)</u>
Net cash provided (used) by financing activities	<u>14,640</u>	<u>(887)</u>
Net increase in cash and cash equivalents	713	378
Cash and cash equivalents at beginning of period	<u>977</u>	<u>405</u>
Cash and cash equivalents at end of period	<u>\$ 1,690</u>	<u>\$ 783</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 months ended March 31, 1994 are not necessarily indicative of the results that may be expected for the year ending December 31, 1994. 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 31, 1994.

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>March 31, 1994</u> (Dollars in billions)
Commitments to purchase mortgages:	
Mandatory delivery	\$ 8.1
Lender option(1)	0.9
Average net yield on mandatory delivery	7.44%
Commitments to issue MBS:	
Mandatory delivery(1)	\$ 3.9
Lender option(1)	25.1
Master commitments:	
Mandatory delivery(2)	80.5
Lender option	36.9

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

(2) Under a mandatory master commitment, a lender must either deliver under an MBS contract at a specified guaranty fee or enter into a mandatory portfolio commitment with the yield established upon executing the portfolio commitment.

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

	<u>March 31, 1994</u> (Dollars in billions)
Total MBS outstanding	\$507.4
Amount for which the Corporation has primary foreclosure loss risk(1):	
Conventional	444.3
Government insured or guaranteed	6.0

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

COMPUTATION OF EARNINGS PER SHARE

(Unaudited)

	Three Months Ended March 31,	
	1994	1993
	(In millions, except per share data)	
Earnings Per Share:		
Average common shares outstanding.....	273.3	274.0
Effect of common stock equivalents	1.2	1.3
Average fully diluted shares outstanding	274.5	275.3
Income before extraordinary item	\$ 519	\$ 484
Net income	511	444
Earnings per share before extraordinary item.....	\$ 1.89	\$ 1.76
Net earnings per share	1.86	1.61

MANAGEMENT

On April 15, 1994, the Corporation announced that Ann McLaughlin and Antonia Shusta have been nominated to its Board of Directors. They have been nominated to fill the seats that will be vacated by Samuel J. Simmons and Mallory Walker when their terms expire at the Corporation's annual meeting of stockholders on May 19, 1994.

Ms. McLaughlin, age 52, has been President of the Federal City Council, a nonprofit organization dedicated to improving the nation's capital, since May 1990. From June 1992 to April 1993 she was President and Chief Executive Officer of the New American Schools Development Corporation, and from January 1989 to June 1992 she was a Visiting Fellow at The Urban Institute. Ms. McLaughlin served as Chairman of the President's Commission on Aviation Security and Terrorism from September 1989 to May 1990, and as U.S. Secretary of Labor from December 1987 to December 1989. She serves as a Director of AMR Corporation (and its subsidiary, American Airlines), General Motors Corporation, Host Marriott Corporation, Kellogg Company, Nordstrom Inc., Potomac Electric Power Company, Union Camp Corporation, and Vulcan Materials Company. Her principal residence is in Washington, D.C.

Ms. Shusta, age 44, has been a Group Executive at Household International, a financial services company, since April 1988. She has been Chairman, President, and CEO of Household Bank, F.S.B., a wholly-owned subsidiary of Household International, since 1990. Her principal residence is in Prospect Heights, Illinois.

On April 19, 1994, the Board of Directors elected Sampath Rajappa, Senior Vice President and Controller. Mr. Rajappa, age 40, succeeded Michael Quinn, who took on the position of Senior Vice President—Credit Loss Management. Mr. Rajappa joined the Corporation in March 1994 as Corporate Controller. He was Senior Vice President and Controller for ITT Residential Capital Corporation, a mortgage banking company, from August 1993 to February 1994. From September 1992 to August 1993, he was Chief Financial Officer of ITT Consumer Financial Corporation, a financial services company. Mr. Rajappa was Senior Vice President, Finance and Operations for the Treasurer's Group for Citicorp Mortgage Inc., a mortgage banking company, from 1988 to August 1992.

On April 19, 1994, the Board of Directors elected Elizabeth A. Snyder, Senior Vice President—Investor Relations. Ms. Snyder, age 40, succeeded Paul Paquin, who retired in March 1994. Ms. Snyder was Vice President and Assistant to the Chairman of the Corporation from July 1992 to April 1994. From January 1992 to July 1992, she was the Corporation's Vice President for Regulatory Policy, and from November 1987 to January 1992, she was Vice President and Deputy General Counsel.