UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 5, 2010

Federal National Mortgage Association

(Exact name of registrant as specified in its charter)

Federally chartered corporation	**000-50231**	**52-0883107**
(State or other jurisdiction of incorporation)	*(Commission File Number)*	*(IRS Employer Identification Number)*

3900 Wisconsin Avenue, NW Washington, DC	**20016**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: 202-752-7000

(Former Name or Former Address, if Changed Since Last Report): ___________

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

The information in this report, including information in the exhibits submitted herewith, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of Section 18, nor shall it be deemed incorporated by reference into any disclosure document relating to Fannie Mae (formally known as the Federal National Mortgage Association), except to the extent, if any, expressly incorporated by specific reference in that document.

Item 2.02 Results of Operations and Financial Condition

On August 5, 2010, Fannie Mae filed its quarterly report on Form 10-Q for the quarter ended June 30, 2010 and issued a news release reporting its financial results for the periods covered by the Form 10-Q. The news release, a copy of which is furnished as Exhibit 99.1 to this report, is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On August 5, 2010, Fannie Mae posted to its Web site a Second Quarter Credit Supplement presentation consisting primarily of information about Fannie Mae’s guaranty book of business. The presentation, a copy of which is furnished as Exhibit 99.2 to this report, is incorporated herein by reference. Fannie Mae’s Web site address is www.fanniemae.com. Information appearing on the company’s Web site is not incorporated into this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The exhibit index filed herewith is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By /s/ David C. Hisey
David C. Hisey
Executive Vice President and Deputy Chief Financial Officer

Date: August 5, 2010

EXHIBIT INDEX

The following exhibits are submitted herewith:

Exhibit Number	Description of Exhibit
99.1	News release, dated August 5, 2010
99.2	2010 Second Quarter Credit Supplement presentation, dated August 5, 2010

FannieMae NEWS RELEASE

Resource Center: 1-800-732-6643

Contacts: Todd Davenport
202-752-5115

Number: 5116a

Date: August 5, 2010

Fannie Mae Reports Second-Quarter 2010 Results

2009-2010 Loan Book Performing Well; Single-Family Loans Have Lowest Early Serious Delinquency Rates in Last Decade

Net Loss of $1.2 Billion in Second Quarter as Credit Performance Improves

WASHINGTON, DC — Fannie Mae (FNMA/OTC) reported today a net loss of $1.2 billion in the second quarter of 2010, compared to a net loss of $11.5 billion in the first quarter of the year. During the quarter, loans from Fannie Mae's 2009-2010 book of business continued to perform solidly while credit-related expenses on the overall book of business decreased by more than $7 billion.

- **New Book of Business:** Beginning in 2008, Fannie Mae raised its underwriting standards and sharply reduced its acquisitions of higher-risk loans to support sustainable homeownership. The impact of these changes is shown in the 2009 and 2010 vintages of Fannie Mae's single-family loans, which have the lowest early serious delinquency rates of any loans the company has acquired in the last 10 years. The company currently anticipates that these loans will be profitable. Fannie Mae's Loan Quality Initiative seeks to ensure that its future acquisitions are the same high caliber as its 2009 and 2010 acquisitions.
- **Credit Losses:** Almost all of the company's realized credit losses in 2009 and 2010 on single-family loans are attributable to single-family loans that it purchased or guaranteed from 2005 through 2008. While these loans will give rise to additional credit losses that it has not yet realized, the company estimates that it has reserved for the substantial majority of these losses.
- **Housing Forecast:** Based on preliminary data, Fannie Mae estimates that home prices on a national basis improved by 2.2 percent in the second quarter of 2010, and have declined 16.9 percent from their peak in the third quarter of 2006. The company expects home prices to decline slightly for the balance of 2010 and into 2011 before stabilizing, and that home sales will be basically flat for all of 2010. Residential mortgage debt outstanding is expected to decline for the third year in a row.

- **<u>Providing Liquidity to the Market</u>:** As part of its ongoing effort to support mortgage lending, Fannie Mae continues to serve as a leading source of liquidity. During the first half of 2010, the company purchased or guaranteed an estimated $423 billion in loans, which includes approximately $170 billion in delinquent loans the company purchased from its single-family mortgage-backed securities trusts. Fannie Mae remained the largest single issuer of mortgage-related securities in the secondary market during the second quarter, with an estimated market share of new single-family mortgage-related securities of 39.1 percent, compared with 40.7 percent in the first quarter of 2010. Since January 2009, Fannie Mae has provided about $1.2 trillion in liquidity to the market through loan purchases and guarantees, including approximately $205 billion in delinquent loans the company purchased from its single-family MBS trusts, financing approximately 4,151,000 conventional single-family loans and approximately 487,000 multifamily units.

- **<u>Homeowner Assistance</u>:** Fannie Mae also continues its effort to help struggling homeowners find solutions that enable them to avoid foreclosure and, whenever possible, stay in their homes. In the second quarter of 2010, the company completed home retention workouts (including modifications, repayment plans, and forbearances) for more than 132,000 loans with an aggregate unpaid principal balance of $27.0 billion. On a loan count basis, this represented a 26 percent increase over home retention workouts completed in the first quarter of 2010. Details include:

  - **Loan modifications**, including permanent HAMP modifications, of 121,693, compared with 93,756 in the first quarter of 2010. This figure does not include HAMP modifications in trial periods.

  - **Repayment plans/forbearances** completed of 8,716, compared with 8,682 in the first quarter of 2010.

  - **Preforeclosure sales** and **deeds-in-lieu of foreclosure** of 21,515, compared with 17,326 in the first quarter of 2010.

  - During the second quarter of 2010, Fannie Mae acquired or guaranteed approximately 354,000 loans that were **refinances.**

“We are focused on sustainable homeownership, and our higher underwriting and eligibility standards reflect that,” said Fannie Mae President and CEO Mike Williams. “Across our industry, we are seeing a more realistic approach to housing and lending that bodes well for the future. At Fannie Mae, we are committed to maintaining appropriate standards while also supporting affordable housing for low- and middle-income families. We will also continue to support a variety of programs to reach borrowers who need help, so that whenever possible, they can avoid foreclosure and stay in their homes.”

The ultimate performance of loans the company has acquired since the beginning of 2009 will be affected by macroeconomic trends, including unemployment, the economy, and home prices. For a complete discussion of the company’s credit performance, see the Executive Summary of its quarterly report on Form 10-Q for the quarter ended June 30, 2010, which was filed today with the Securities and Exchange Commission.

Summary of Second-Quarter Results

Including $1.9 billion of dividends paid on its senior preferred stock held by Treasury, the company's net loss attributable to common stockholders was $3.1 billion, or ($0.55) per diluted share, compared with a loss of $13.1 billion, or ($2.29) per diluted share, in the first quarter of 2010. The net worth deficit of $1.4 billion as of June 30, 2010 takes into account the company's net loss, dividends paid on senior preferred stock held by Treasury, and a reduction in unrealized losses on available-for-sale securities during the second quarter.

(dollars in millions, except per share amounts)(1)	2Q10	1Q10	Variance	2Q10	2Q09	Variance
Net interest income	$ 4,207	$ 2,789	$ 1,418	$ 4,207	$ 3,735	$ 472
Guaranty fee income	52	54	(2)	52	1,659	(1,607)
Fee and other income	242	179	63	242	197	45
Net revenues	4,501	3,022	1,479	4,501	5,591	(1,090)
Investment gains (losses), net	23	166	(143)	23	(45)	68
Net other-than-temporary impairments	(137)	(236)	99	(137)	(753)	616
Fair value gains (losses), net	303	(1,705)	2,008	303	823	(520)
Losses from partnership investments	(26)	(58)	32	(26)	(571)	545
Administrative expenses	(670)	(605)	(65)	(670)	(510)	(160)
Credit-related expenses (2)	(4,851)	(11,884)	7,033	(4,851)	(18,784)	13,933
Other non-interest expenses	(357)	(296)	(61)	(357)	(508)	151
Net losses and expenses	(5,715)	(14,618)	8,903	(5,715)	(20,348)	14,633
Loss before federal income taxes	(1,214)	(11,596)	10,382	(1,214)	(14,757)	13,543
(Provision) benefit for federal income taxes	(9)	67	(76)	(9)	(23)	14
Net loss	(1,223)	(11,529)	10,306	(1,223)	(14,780)	13,557
Less: Net (income) loss attributable to the noncontrolling interest	5	(1)	6	5	26	(21)
Net loss attributable to Fannie Mae	$ (1,218)	$ (11,530)	$ 10,312	$ (1,218)	$ (14,754)	$ 13,536
Preferred stock dividends	(1,907)	(1,527)	(380)	(1,907)	(411)	(1,496)
Net loss attributable to common stockholders	$ (3,125)	$ (13,057)	$ 9,932	$ (3,125)	$ (15,165)	$ 12,040
Loss per share — basic and diluted	$ (0.55)	$ (2.29)	$ 1.74	$ (0.55)	$ (2.67)	$ 2.12

(1) Certain prior period amounts have been reclassified to conform to the current period presentation.

(2) Consists of provision for loan losses, provision for guaranty losses and foreclosed property expense.

Net revenue was $4.5 billion in the second quarter of 2010, up 49 percent from $3.0 billion in the first quarter of 2010, due primarily to an increase in net interest income. Net interest income was $4.2 billion, up 51 percent from $2.8 billion in the first quarter of 2010. The increase was due almost entirely to the purchase from single-family MBS trusts of the substantial majority of the loans that are four or more monthly payments delinquent, as the cost of holding these loans in the company's portfolio is less than the cost of advancing delinquent payments to MBS certificateholders.

For the second quarter of 2010, interest income that the company did not recognize for nonaccrual mortgage loans was $2.2 billion, compared with $2.7 billion in the first quarter of 2010.

Credit-related expenses, which are the total provision for credit losses plus foreclosed property expense, were $4.9 billion, down from $11.9 billion in the first quarter of 2010. The reduction in credit-related expenses reflected (1) a decrease in the rate of seriously delinquent loans in the second quarter of 2010 to 4.99 percent as of June 30, 2010, from 5.47 percent as of March 31, 2010, which was due partly to the home retention and foreclosure alternative workouts that the company completed, as well as a higher volume of foreclosures; (2) a decrease in average loss severities; and (3) an update to the company's loan-loss allowance model to use mark-to-market loan-to-value ratios rather than loan-to-value ratios at origination in its severity calculations, which resulted in a change in estimate and a decrease in the allowance for loan losses of approximately $1.6 billion. These factors were partially offset by an out-of-period adjustment of $1.1 billion related to an additional provision for losses on preforeclosure property taxes and insurance receivables.

The company expects its financial results will continue to be negatively affected by losses primarily on a subset of loans it acquired between 2005 and 2008. The company expects that its credit-related expenses will remain high in 2010. However, the company expects that, if current trends continue, its credit-related expenses will be lower in 2010 than in 2009.

Credit losses, which the company defines generally as net charge-offs plus foreclosed property expense, excluding certain fair-value losses, increased to $7.0 billion from $5.1 billion in the first quarter of 2010. The increase was due to increases in the number of defaults and the number of properties in the company's real estate owned inventory. The company's 2009 and 2010 vintages accounted for less than one percent of its single-family credit losses. Typically, credit losses on mortgage loans do not peak until the third through fifth years following origination.

Combined loss reserves as of June 30, 2010 remained at the same level as compared with March 31, 2010, at $60.8 billion, or 1.99 percent of the company's guaranty book of business. Total nonperforming loans in the company's guaranty book of business were $218.2 billion, compared with $223.9 billion as of March 31, 2010.

Net fair value gains were $303 million in the second quarter, compared to losses of $1.7 billion in the first quarter of 2010, due primarily to lower fair value losses on the company's derivatives, which were partially offset by lower fair value gains on its trading securities.

Net other-than-temporary impairment was $137 million in the second quarter, down from $236 million in the first quarter of 2010, primarily as a result of lower impairment of subprime securities.

The company provides further discussion of its financial results and condition, credit performance, fair value balance sheets, and other matters in its quarterly report on Form 10-Q for the quarter ended June 30, 2010, which was filed today with the Securities and Exchange Commission. Further information about the company's credit performance, the characteristics of its guaranty book of business, the drivers of its credit losses, its calculation of credit losses, its foreclosure-prevention efforts, and other measures is contained in the "Second Quarter 2010 Credit Supplement" on Fannie Mae's Web site, www.fanniemae.com.

Net Worth and U.S. Treasury Funding

The Acting Director of the Federal Housing Finance Agency has requested $1.5 billion of funds from Treasury on the company's behalf under the terms of the senior preferred stock purchase agreement between Fannie Mae and Treasury to eliminate the company's net worth deficit as of June 30, 2010.

On June 30, 2010, Treasury provided to us $8.4 billion to cure the company's net worth deficit as of March 31, 2010. As a result of this draw, the aggregate liquidation preference of the senior preferred stock increased from $76.2 billion to $84.6 billion as of June 30, 2010. It will increase to $86.1 billion upon the receipt of funds from Treasury to eliminate the company's second-quarter 2010 net worth deficit.

Although Treasury's funds under the senior preferred stock purchase agreement permit the company to remain solvent and avoid receivership, the resulting dividend payments are substantial and the company does not expect to earn profits in excess of its annual dividend obligation to Treasury for the indefinite future.

Fair Value Update

The fair value of the company's net assets increased by $7.2 billion from March 31, 2010, which resulted in a fair value net deficit of $138.0 billion as of June 30, 2010. The increase was due to the receipt of $8.4 billion of capital from Treasury under the senior preferred stock purchase agreement, offset by a decrease in fair value due to credit-related items, principally related to a general increase in estimated severity rates based on recent experience, particularly for loans with a high mark-to-market LTV ratio, as well as increased default estimates for loans with higher-risk profiles.

As part of Fannie Mae's disclosure requirements with FHFA, the company discloses on a quarterly basis supplemental non-GAAP consolidated fair value balance sheets, which reflect the company's assets and liabilities at estimated fair value. The fair value of the company's net assets is not a measure defined within GAAP and may not be comparable to similarly titled measures reported by other companies. It is not intended as a substitute for the company's stockholders' deficit or for the total deficit reported in its GAAP condensed consolidated balance sheets, which represents the net worth measure that is used to determine whether it is necessary to request additional funds from Treasury under the senior preferred stock purchase agreement. Instead, the fair value of Fannie Mae's net assets reflects a point in time estimate of the fair value of the company's existing assets and liabilities.

For more information on the change in the company's fair value net deficit, please refer to "Supplemental Non-GAAP Information—Fair Value Balance Sheets" in the company's quarterly report on Form 10-Q for the period ended June 30, 2010, which was filed today with the SEC. See also "Supplemental Non-GAAP Consolidated Fair Value Balance Sheets" and "Explanation and Reconciliation of Non-GAAP Measures to GAAP Measures" later in this release for a reconciliation of the company's fair value balance sheets to its GAAP condensed consolidated balance sheets.

Foreclosure Activity

The company acquired 68,838 single-family real estate owned properties through foreclosure in the second quarter of 2010, compared with 61,929 in the first quarter of 2010. As of June 30, 2010, the company's inventory of single-family real estate owned properties was 129,310, compared with 109,989 as of March 31, 2010. The carrying value of the company's single-family REO was $13.0 billion, compared with $11.4 billion as of March 31, 2010.

The company has seen an increase in the percentage of its properties that it is unable to market for sale in 2010 compared with 2009, in most cases because the properties are within redemption periods, are still occupied, or are being repaired. As of June 30, 2010, approximately 36 percent of the company's properties that it is unable to market for sale were in redemption status, which lengthens the time a property is in REO inventory by an average of four to six months. Additionally, as of June 30, 2010, approximately 36 percent of the company's properties that it is unable to market for sale were in occupied status, which lengthens the time a property is in REO inventory by an average of one to three months.

The company's single-family foreclosure rate, which reflects the annualized number of single-family properties acquired through foreclosure as a percentage of the total number of loans in its conventional single-family guaranty book of business, was 1.52 percent on an annualized basis in the second quarter, compared with 1.36 percent in the first quarter of 2010.

Although the company has expanded its loan workout initiatives to help borrowers keep their homes, it expects foreclosures to increase during the remainder of 2010 as a result of the adverse impact that the weak economy and high unemployment have had and are expected to have on the financial condition of borrowers.

Purchase of Delinquent Loans from Single-Family MBS Trusts

Under accounting standards adopted earlier this year, the cost of purchasing most delinquent loans from Fannie Mae single-family MBS trusts and holding them in the company's portfolio is less than the cost of advancing delinquent payments to holders of the Fannie Mae single-family MBS. The company began to significantly increase its purchases of delinquent loans from single-family MBS trusts in the first quarter of 2010, and through June 30, 2010 it had purchased the substantial majority of its delinquent loan population, which resulted in an increase in the company's Capital Market's mortgage portfolio. The company purchased approximately 858,000 delinquent loans with an unpaid principal balance of approximately $170 billion from single-family MBS trusts in the first six months of 2010, including the purchase of approximately 570,000 delinquent loans with an unpaid principal balance of approximately $114 billion in the second quarter of 2010.

The company expects to continue to purchase loans from single-family MBS trusts as they become four or more consecutive monthly payments delinquent subject to market conditions, servicer capacity, and other constraints including the limit on the mortgage assets that it may own pursuant to the senior preferred stock purchase agreement with Treasury. As of June 30, 2010, the total unpaid principal balance of all loans in single-family MBS trusts that were delinquent four or more months was approximately $9 billion. In July 2010, the company purchased approximately 50,000 delinquent loans with an unpaid principal balance of approximately $9 billion from its MBS trusts.

The purchase of delinquent loans from its MBS trusts contributed to the increase of the company's total outstanding debt, excluding debt of consolidated trusts, to $842.6 billion as of June 30, 2010, from $784.3 billion as of March 31, 2010. The company has experienced strong demand for its long-term debt securities.

Business Segment Results

Fannie Mae conducts its activities through three complementary businesses: Single-Family Credit Guaranty, Housing and Community Development, and Capital Markets. The company's Single-Family Credit Guaranty business works with its lender customers to securitize single-family mortgage loans into Fannie Mae MBS and to facilitate the purchase of single-family mortgage loans for its mortgage portfolio. HCD works with the company's lender customers to securitize multifamily mortgage loans into Fannie Mae MBS and to facilitate the purchase of multifamily mortgage loans for its mortgage portfolio. The company's HCD business also makes debt and equity investments to increase the supply of affordable housing. The company's Capital Markets group manages its investment activity in mortgage loans, mortgage-related securities, and other investments.

Single-Family Credit Guaranty book of business was $2.87 trillion as of June 30, 2010, compared with $2.88 trillion as of March 31, 2010. Single-family guaranty fee income for the second quarter of 2010, as in the first quarter of 2010, was $1.8 billion. The Single-Family business lost $5.1 billion in the second quarter of 2010 due primarily to credit-related expenses of $4.9 billion. The Single-Family business lost $12.6 billion in the first quarter of 2010.

Housing and Community Development multifamily guaranty book of business as of June 30, 2010 was $186.1 billion, unchanged from March 31, 2010. HCD recorded a net benefit of $20 million from credit-related expenses in the second quarter of 2010, compared with a net benefit of $42 million in the first quarter of 2010. HCD earned $119 million in the second quarter of 2010, compared with $99 million in the first quarter of 2010.

Capital Markets' net interest income was $3.5 billion in the second quarter of 2010, compared with $3.1 billion in the first quarter of 2010. Fair value gains were $631 million, compared with losses of $1.2 billion in the first quarter of 2010. Net other-than-temporary impairment was $137 million in the second quarter of 2010, compared with $236 million in the first quarter of 2010. The net mortgage investment portfolio balance was $817.8 billion, compared with $764.8 billion on March 31, 2010, resulting from purchases of $134.7 billion, liquidations of $46.1 billion, and sales of $35.6 billion during the quarter. Capital Markets earned $4.4 billion in the second quarter of 2010, compared with $2.1 billion in the first quarter of 2010.

# # #

In this release, the company has presented a number of estimates, forecasts, expectations, and other forward-looking statements regarding the company's future financial results, the profitability of its loans, its future credit losses and credit-related expenses, its draws from and dividends to be paid to Treasury, the performance and caliber of loans it has acquired and will acquire, foreclosures, residential mortgage market conditions, industry underwriting and eligibility standards, and its future purchases of loans from MBS trusts. These estimates, forecasts, expectations, and statements are forward-looking statements and are based on the company's current assumptions regarding numerous factors, including assumptions about future home prices and the future performance of its loans. The company's future estimates of these amounts, as well as the actual amounts, may differ materially from its current estimates as a result of home price changes, interest rate changes, unemployment, government policy matters, changes in generally accepted accounting principles, credit availability, social behaviors, other macroeconomic variables, the volume of loans it modifies, the effectiveness of its loss mitigation strategies, management of its real estate owned inventory and pursuit of contractual remedies, multifamily vacancy rates, changes in the fair value of its assets and liabilities, impairments of its assets, or many other factors. Changes in the company's underlying assumptions and actual outcomes, which could be affected by the economic environment, government policy, and many other factors, including those discussed in the "Risk Factors" section of the company's quarterly report on Form 10-Q for the period ended June 30, 2010 and its annual report on Form 10-K for the year ended December 31, 2009, and elsewhere in this release, could result in actual results being materially different from what is set forth in the forward-looking statements.

Fannie Mae exists to expand affordable housing and bring global capital to local communities in order to serve the U.S. housing market. Fannie Mae has a federal charter and operates in America's secondary mortgage market to enhance the liquidity of the mortgage market by providing funds to mortgage bankers and other lenders so that they may lend to home buyers. Our job is to help those who house America.

ANNEX I

FANNIE MAE
(In conservatorship)

Condensed Consolidated Balance Sheets
(Dollars in millions, except share amounts)
(Unaudited)

	As of	
	June 30, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents (includes cash of consolidated trusts of $526 and $2,092, respectively)	$ 27,844	$ 6,812
Restricted cash (includes restricted cash of consolidated trusts of $35,376 and $-, respectively)	38,855	3,070
Federal funds sold and securities purchased under agreements to resell or similar arrangements	37,608	53,684
Investments in securities:		
Trading, at fair value (includes securities of consolidated trusts of $23 and $5,599, respectively)	77,353	111,939
Available-for-sale, at fair value (includes securities of consolidated trusts of $611 and $10,513, respectively, and securities pledged as collateral that may be sold or repledged of $- and $1,148, respectively)	105,660	237,728
Total investments in securities	183,013	349,667
Mortgage loans:		
Loans held for sale, at lower of cost or fair value	1,025	18,462
Loans held for investment, at amortized cost		
Of Fannie Mae	405,998	256,434
Of consolidated trusts (includes loans pledged as collateral that may be sold or repledged of $2,846 and $1,947, respectively)	2,574,018	129,590
Total loans held for investment	2,980,016	386,024
Allowance for loan losses	(60,582)	(9,925)
Total loans held for investment, net of allowance	2,919,434	376,099
Total mortgage loans	2,920,459	394,561
Advances to lenders	4,849	5,449
Accrued interest receivable:		
Of Fannie Mae	6,793	3,774
Of consolidated trusts	9,851	519
Allowance for accrued interest receivable	(4,784)	(536)
Total accrued interest receivable, net of allowance	11,860	3,757
Acquired property, net	14,021	9,142
Derivative assets, at fair value	1,224	1,474
Guaranty assets	427	8,356
Deferred tax assets, net	1,012	909
Partnership investments	1,820	2,372
Servicer and MBS trust receivable	991	18,329
Other assets	12,284	11,559
Total assets	$ 3,256,267	$ 869,141
LIABILITIES AND EQUITY (DEFICIT)		
Liabilities:		
Accrued interest payable:		
Of Fannie Mae	$ 4,517	$ 4,951
Of consolidated trusts	9,956	29
Federal funds purchased and securities sold under agreements to repurchase	142	—
Short-term debt:		
Of Fannie Mae	256,066	200,437
Of consolidated trusts	5,987	—
Long-term debt:		
Of Fannie Mae (includes debt at fair value of $3,264 and $3,274, respectively)	586,437	567,950
Of consolidated trusts (includes debt at fair value of $311 and $-, respectively)	2,376,774	6,167
Derivative liabilities, at fair value	1,693	1,029
Reserve for guaranty losses (includes $29 and $4,772, respectively, related to Fannie Mae MBS included in Investments in securities)	246	54,430
Guaranty obligations	765	13,996
Partnership liabilities	1,884	2,541
Servicer and MBS trust payable	4,420	25,872
Other liabilities	8,791	7,020
Total liabilities	3,257,678	884,422
Commitments and contingencies (Note 17)	—	—
Fannie Mae stockholders' equity (deficit):		
Senior preferred stock, 1,000,000 shares issued and outstanding	84,600	60,900
Preferred stock, 700,000,000 shares are authorized—578,389,726 and 579,735,457 shares both issued and outstanding, respectively	20,280	20,348
Common stock, no par value, no maximum authorization—1,267,748,253 and 1,265,674,761 shares issued, respectively; 1,116,149,329 and 1,113,358,051 shares outstanding, respectively	666	664
Additional paid-in capital	—	2,083
Accumulated deficit	(97,544)	(90,237)
Accumulated other comprehensive loss	(2,084)	(1,732)
Treasury stock, at cost, 151,598,924 and 152,316,710 shares, respectively	(7,400)	(7,398)
Total Fannie Mae stockholders' deficit	(1,482)	(15,372)
Noncontrolling interest	71	91
Total deficit	(1,411)	(15,281)
Total liabilities and equity (deficit)	$ 3,256,267	$ 869,141

See Notes to Condensed Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Condensed Consolidated Statements of Operations
(Dollars and shares in millions, except per share amounts)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Interest income:				
Trading securities	$ 330	$ 923	$ 645	$ 1,913
Available-for-sale securities	1,389	3,307	2,862	7,028
Mortgage loans:				
Of Fannie Mae	3,950	4,392	7,248	9,099
Of consolidated trusts	33,682	1,219	68,003	2,110
Other	41	139	80	266
Total interest income	39,392	9,980	78,838	20,416
Interest expense:				
Short-term debt:				
Of Fannie Mae	164	600	280	1,707
Of consolidated trusts	3	—	5	—
Long-term debt:				
Of Fannie Mae	4,975	5,560	10,056	11,552
Of consolidated trusts	30,043	85	61,501	174
Total interest expense	35,185	6,245	71,842	13,433
Net interest income	4,207	3,735	6,996	6,983
Provision for loan losses	(4,295)	(2,615)	(16,234)	(5,124)
Net interest income (loss) after provision for loan losses	(88)	1,120	(9,238)	1,859
Guaranty fee income (includes imputed interest of $30 and $321 for the three months ended June 30, 2010 and 2009, respectively, and $59 and $471 for the six months ended June 30, 2010 and 2009, respectively)	52	1,659	106	3,411
Investment gains (losses), net	23	(45)	189	178
Other-than-temporary impairments	(48)	(1,097)	(234)	(6,750)
Noncredit portion of other-than-temporary impairments recognized in other comprehensive loss	(89)	344	(139)	344
Net other-than-temporary impairments	(137)	(753)	(373)	(6,406)
Fair value gains (losses), net	303	823	(1,402)	(637)
Debt extinguishment losses, net (includes debt extinguishment losses related to consolidated trusts of $31 and $100 for the three months and six months ended June 30, 2010, respectively)	(159)	(190)	(283)	(269)
Losses from partnership investments	(26)	(571)	(84)	(928)
Fee and other income	242	197	421	389
Non-interest income (loss)	298	1,120	(1,426)	(4,262)
Administrative expenses:				
Salaries and employee benefits	324	245	648	538
Professional services	260	180	454	323
Occupancy expenses	40	46	81	94
Other administrative expenses	46	39	92	78
Total administrative expenses	670	510	1,275	1,033
Provision for guaranty losses	69	15,610	33	33,435
Foreclosed property expense	487	559	468	1,097
Other expenses	198	318	370	597
Total expenses	1,424	16,997	2,146	36,162
Loss before federal income taxes	(1,214)	(14,757)	(12,810)	(38,565)
Provision (benefit) for federal income taxes	9	23	(58)	(600)
Net loss	(1,223)	(14,780)	(12,752)	(37,965)
Less: Net loss attributable to the noncontrolling interest	5	26	4	43
Net loss attributable to Fannie Mae	(1,218)	(14,754)	(12,748)	(37,922)
Preferred stock dividends	(1,907)	(411)	(3,434)	(440)
Net loss attributable to common stockholders	$ (3,125)	$ (15,165)	$ (16,182)	$ (38,362)
Loss per share—Basic and Diluted	$ (0.55)	$ (2.67)	$ (2.84)	$ (6.76)
Weighted-average common shares outstanding—Basic and Diluted	5,694	5,681	5,693	5,674

See Notes to Condensed Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Condensed Consolidated Statements of Cash Flows
(Dollars in millions)
(Unaudited)

	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009
Cash flows used in operating activities:		
Net loss	$ (12,752)	$ (37,965)
Reconciliation of net loss to net cash used in operating activities		
Amortization of debt of Fannie Mae cost basis adjustments	776	2,176
Amortization of debt of consolidated trusts cost basis adjustments	(277)	(4)
Provision for loan and guaranty losses	16,267	38,559
Valuation (gains) losses	(1,517)	4,537
Current and deferred federal income taxes	282	(1,690)
Derivatives fair value adjustments	1,003	(1,045)
Purchases of loans held for sale	(38)	(72,172)
Proceeds from repayments of loans held for sale	29	1,204
Net change in trading securities, excluding non-cash transfers	(41,797)	3,165
Other, net	(11,615)	(4,302)
Net cash used in operating activities	(49,639)	(67,537)
Cash flows provided by investing activities:		
Purchases of trading securities held for investment	(7,887)	—
Proceeds from maturities of trading securities held for investment	1,398	6,076
Proceeds from sales of trading securities held for investment	20,442	1,313
Purchases of available-for-sale securities	(601)	(108,105)
Proceeds from maturities of available-for-sale securities	9,022	23,705
Proceeds from sales of available-for-sale securities	8,468	168,933
Purchases of loans held for investment	(32,769)	(19,322)
Proceeds from repayments of loans held for investment of Fannie Mae	8,491	20,904
Proceeds from repayments of loans held for investment of consolidated trusts	229,661	11,523
Net change in restricted cash	9,798	—
Advances to lenders	(23,131)	(53,646)
Proceeds from disposition of acquired property	17,693	9,873
Net change in federal funds sold and securities purchased under agreements to resell or similar arrangements	15,618	32,147
Other, net	(627)	(9,380)
Net cash provided by investing activities	255,576	84,021
Cash flows used in financing activities:		
Proceeds from issuance of short-term debt of Fannie Mae	394,719	747,971
Proceeds from issuance of short-term debt of consolidated trusts	5,902	—
Payments to redeem short-term debt of Fannie Mae	(339,366)	(820,868)
Payments to redeem short-term debt of consolidated trusts	(18,121)	—
Proceeds from issuance of long-term debt of Fannie Mae	197,771	187,269
Proceeds from issuance of long-term debt of consolidated trusts	128,067	8
Payments to redeem long-term debt of Fannie Mae	(180,058)	(153,991)
Payments to redeem long-term debt of consolidated trusts	(394,225)	(273)
Payments of cash dividends on senior preferred stock to Treasury	(3,436)	(434)
Proceeds from senior preferred stock purchase agreement with Treasury	23,700	34,200
Net change in federal funds purchased and securities sold under agreements to repurchase	142	(65)
Net cash used in financing activities	(184,905)	(6,183)
Net increase in cash and cash equivalents	21,032	10,301
Cash and cash equivalents at beginning of period	6,812	17,933
Cash and cash equivalents at end of period	$ 27,844	$ 28,234
Cash paid during the period for:		
Interest	$ 73,125	$ 15,430
Income taxes	—	848
Non-cash activities (excluding transition-related impacts—see Note 2):		
Mortgage loans acquired by assuming debt	$ 199,498	$ 13
Net transfers from mortgage loans held for investment of consolidated trusts to mortgage loans held for investment of Fannie Mae	142,034	—
Transfers from advances to lenders to investments in securities	—	38,943
Transfers from advances to lenders to loans held for investment of consolidated trusts	22,441	—
Net transfers from mortgage loans to acquired property	32,391	2,211

See Notes to Condensed Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Condensed Consolidated Statements of Changes in Equity (Deficit)
(Dollars and shares in millions, except per share amounts)
(Unaudited)

	Fannie Mae Stockholders' Equity (Deficit)											
	Shares Outstanding											
	Senior Preferred	Preferred	Common	Senior Preferred	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock	Non Controlling Interest	Total Equity (Deficit)
Balance as of December 31, 2008	1	597	1,085	$ 1,000	$ 21,222	$ 650	$ 3,621	$ (26,790)	$ (7,673)	$ (7,344)	$ 157	$ (15,157)
Cumulative effect from the adoption of a new accounting standard on other-than-temporary impairments, net of tax	—	—	—	—	—	—	—	8,520	(5,556)	—	—	2,964
Change in investment in noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(6)	(6)
Comprehensive loss:												
Net loss	—	—	—	—	—	—	—	(37,922)	—	—	(43)	(37,965)
Other comprehensive loss, net of tax effect:												
Changes in net unrealized losses on available-for-sale securities (net of tax of $790)	—	—	—	—	—	—	—	—	1,467	—	—	1,467
Reclassification adjustment for other-than-temporary impairments recognized in net loss (net of tax of $2,263)	—	—	—	—	—	—	—	—	4,142	—	—	4,142
Reclassification adjustment for losses included in net loss (net of tax of $46)	—	—	—	—	—	—	—	—	86	—	—	86
Unrealized gains on guaranty assets and guaranty fee buy-ups	—	—	—	—	—	—	—	—	79	—	—	79
Amortization of net cash flow hedging gains	—	—	—	—	—	—	—	—	9	—	—	9
Prior service cost and actuarial gains, net of amortization for defined benefit plans	—	—	—	—	—	—	—	—	17	—	—	17
Total comprehensive loss												(32,165)
Senior preferred stock dividends	—	—	—	—	—	—	(434)	—	—	—	—	(434)
Increase to senior preferred liquidation preference	—	—	—	34,200	—	—	—	—	—	—	—	34,200
Conversion of convertible preferred stock into common stock	—	(15)	23	—	(736)	12	724	—	—	—	—	—
Other	—	—	1	—	—	—	36	1	—	(41)	—	(4)
Balance as of June 30, 2009	1	582	1,109	$ 35,200	$ 20,486	$ 662	$ 3,947	$ (56,191)	$ (7,429)	$ (7,385)	$ 108	$ (10,602)
Balance as of December 31, 2009	1	580	1,113	$ 60,900	$ 20,348	$ 664	$ 2,083	$ (90,237)	$ (1,732)	$ (7,398)	$ 91	$ (15,281)
Cumulative effect from the adoption of the accounting standards on transfers of financial assets and consolidation	—	—	—	—	—	—	—	6,706	(3,394)	—	(14)	3,298
Balance as of January 1, 2010, adjusted	1	580	1,113	60,900	20,348	664	2,083	(83,531)	(5,126)	(7,398)	77	(11,983)
Change in investment in noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(2)	(2)
Comprehensive loss:												
Net loss	—	—	—	—	—	—	—	(12,748)	—	—	(4)	(12,752)
Other comprehensive loss, net of tax effect:												
Changes in net unrealized losses on available-for-sale securities, (net of tax of $1,509)	—	—	—	—	—	—	—	—	2,802	—	—	2,802
Reclassification adjustment for other-than-temporary impairments recognized in net loss (net of tax of $126)	—	—	—	—	—	—	—	—	247	—	—	247
Reclassification adjustment for gains included in net loss (net of tax of $6)	—	—	—	—	—	—	—	—	(12)	—	—	(12)
Unrealized gains on guaranty assets and guaranty fee buy-ups	—	—	—	—	—	—	—	—	1	—	—	1
Prior service cost and actuarial gains, net of amortization for defined benefit plans	—	—	—	—	—	—	—	—	4	—	—	4
Total comprehensive loss												(9,710)
Senior preferred stock dividends	—	—	—	—	—	—	(2,171)	(1,265)	—	—	—	(3,436)
Increase to senior preferred liquidation preference	—	—	—	23,700	—	—	—	—	—	—	—	23,700
Conversion of convertible preferred stock into common stock	—	(2)	2	—	(68)	2	66	—	—	—	—	—
Other	—	—	1	—	—	—	22	—	—	(2)	—	20
Balance as of June 30, 2010	1	578	1,116	$ 84,600	$ 20,280	$ 666	$ —	$ (97,544)	$ (2,084)	$ (7,400)	$ 71	$ (1,411)

See Notes to Condensed Consolidated Financial Statements

Supplemental Non-GAAP Consolidated Fair Value Balance Sheets

	As of June 30, 2010			As of December 31, 2009[1]		
	GAAP Carrying Value	Fair Value Adjustment[2]	Estimated Fair Value	GAAP Carrying Value	Fair Value Adjustment[2]	Estimated Fair Value
	(Dollars in millions)					
Assets:						
Cash and cash equivalents	$ 66,699	$ —	$ 66,699[3]	$ 9,882	$ —	$ 9,882[3]
Federal funds sold and securities purchased under agreements to resell or similar arrangements	37,608	—	37,608[3]	53,684	(28)	53,656[3]
Trading securities	77,353	—	77,353[3]	111,939	—	111,939[3]
Available-for-sale securities	105,660	—	105,660[3]	237,728	—	237,728[3]
Mortgage loans:						
Mortgage loans held for sale	1,025	23	1,048[3]	18,462	153	18,615[3]
Mortgage loans held for investment, net of allowance for loan losses:						
Of Fannie Mae	363,154	(43,326)	319,828[3]	246,509	(5,209)	241,300[3]
Of consolidated trusts	2,556,280	74,609[4]	2,630,889[3]	129,590	(45)	129,545[3]
Total mortgage loans	2,920,459	31,306	2,951,765	394,561	(5,101)	389,460
Advances to lenders	4,849	(265)	4,584[3]	5,449	(305)	5,144[3]
Derivative assets at fair value	1,224	—	1,224[3]	1,474	—	1,474[3]
Guaranty assets and buy-ups, net	428	382	810[3][5]	9,520	5,104	14,624[3][5]
Total financial assets	3,214,280	31,423	3,245,703[3]	824,237	(330)	823,907[3]
Master servicing assets and credit enhancements	505	3,881	4,386[5][6]	651	5,917	6,568[5][6]
Other assets	41,482	(254)	41,228[6]	44,253	373	44,626[6]
Total assets	$3,256,267	$ 35,050	$3,291,317	$869,141	$ 5,960	$ 875,101
Liabilities:						
Federal funds purchased and securities sold under agreements to repurchase	$ 142	$ —	$ 142[3]	$ —	$ —	$ —[3]
Short-term debt:						
Of Fannie Mae	256,066	145	256,211[3]	200,437	56	200,493[3]
Of consolidated trusts	5,987	—	5,987[3]	—	—	—[3]
Long-term debt:						
Of Fannie Mae	586,437[7]	27,664	614,101[3]	567,950[7]	19,473	587,423[3]
Of consolidated trusts	2,376,774[7]	140,869[4]	2,517,643[3]	6,167[7]	143	6,310[3]
Derivative liabilities at fair value	1,693	—	1,693[3]	1,029	—	1,029[3]
Guaranty obligations	765	3,239	4,004[3]	13,996	124,586	138,582[3]
Total financial liabilities	3,227,864	171,917	3,399,781[3]	789,579	144,258	933,837[3]
Other liabilities	29,814	(383)	29,431[8]	94,843	(54,878)	39,965[8]
Total liabilities	3,257,678	171,534	3,429,212	884,422	89,380	973,802
Equity (deficit):						
Fannie Mae stockholders' equity (deficit):						
Senior preferred[9]	84,600	—	84,600	60,900	—	60,900
Preferred	20,280	(19,982)	298	20,348	(19,629)	719
Common	(106,362)	(116,502)	(222,864)	(96,620)	(63,791)	(160,411)
Total Fannie Mae stockholders' deficit/non-GAAP fair value of net assets	**$ (1,482)**	**$ (136,484)**	**$ (137,966)**	**$ (15,372)**	**$ (83,420)**	**$ (98,792)**
Noncontrolling interests	71	—	71	91	—	91
Total deficit	(1,411)	(136,484)	(137,895)	(15,281)	(83,420)	(98,701)
Total liabilities and equity (deficit)	$3,256,267	$ 35,050	$3,291,317	$869,141	$ 5,960	$ 875,101

Explanation and Reconciliation of Non-GAAP Measures to GAAP Measures

(1) Certain prior period amounts have been reclassified to conform to the current period presentation.

(2) Each of the amounts listed as a "fair value adjustment" represents the difference between the carrying value included in our GAAP condensed consolidated balance sheets and our best judgment of the estimated fair value of the listed item.

(3) We determined the estimated fair value of these financial instruments in accordance with the fair value accounting standard as described in "Note 16, Fair Value."

(4) Fair value exceeds the carrying value of consolidated loans and debt of consolidated trusts due to the fact that the loans and debt were consolidated in our GAAP condensed consolidated balance sheet at unpaid principal balance at transition. Also impacting the difference between fair value and carrying value of the consolidated loans is the credit component of the loan. This credit component is reflected in the net guaranty obligation, which is included in the consolidated loan fair value, but was presented as a separate line item in our fair value balance sheet in prior periods.

(5) In our GAAP condensed consolidated balance sheets, we report the guaranty assets as a separate line item. Other guaranty related assets are within the "Other assets" line items and they include buy-ups, master servicing assets and credit enhancements. On a GAAP basis, our guaranty assets totaled $427 million and $8.4 billion as of June 30, 2010 and December 31, 2009, respectively. The associated buy-ups totaled $0.6 million and $1.2 billion as of June 30, 2010 and December 31, 2009, respectively.

(6) The line items "Master servicing assets and credit enhancements" and "Other assets" together consist of the assets presented on the following six line items in our GAAP condensed consolidated balance sheets: (a) Total accrued interest receivable, net of allowance; (b) Acquired property, net; (c) Deferred tax assets, net; (d) Partnership investments; (e) Servicer and MBS trust receivable and (f) Other assets. The carrying value of these items in our GAAP condensed consolidated balance sheets together totaled $42.0 billion and $46.1 billion as of June 30, 2010 and December 31, 2009, respectively. We deduct the carrying value of the buy-ups associated with our guaranty obligation, which totaled $0.6 million and $1.2 billion as of June 30, 2010 and December 31, 2009, respectively, from "Other assets" reported in our GAAP condensed consolidated balance sheets because buy-ups are a financial instrument that we combine with guaranty assets in our disclosure in "Note 16, Fair Value." We have estimated the fair value of master servicing assets and credit enhancements based on our fair value methodologies described in Note 16.

(7) Includes certain long-term debt instruments that we elected to report at fair value in our GAAP condensed consolidated balance sheets of $3.6 billion and $3.3 billion as of June 30, 2010 and December 31, 2009, respectively.

(8) The line item "Other liabilities" consists of the liabilities presented on the following six line items in our GAAP condensed consolidated balance sheets: (a) Accrued interest payable of Fannie Mae; (b) Accrued interest payable of consolidated trusts; (c) Reserve for guaranty losses; (d) Partnership liabilities; (e) Servicer and MBS trust payable; and (f) Other liabilities. The carrying value of these items in our GAAP condensed consolidated balance sheets together totaled $29.8 billion and $94.8 billion as of June 30, 2010 and December 31, 2009, respectively. The GAAP carrying values of these other liabilities generally approximate fair value. We assume that certain other liabilities, such as deferred revenues, have no fair value. Although we report the "Reserve for guaranty losses" as a separate line item in our condensed consolidated balance sheets, it is incorporated into and reported as part of the fair value of our guaranty obligations in our non-GAAP supplemental consolidated fair value balance sheets.

(9) The amount included in "estimated fair value" of the senior preferred stock is the liquidation preference, which is the same as the GAAP carrying value, and does not reflect fair value.

Fannie Mae
2010 Second Quarter Credit Supplement

FannieMae

August 5, 2010

- These materials present tables and other information about Fannie Mae, including information contained in Fannie Mae's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, the "2010 Q2 Form 10-Q." Some of the terms used in these materials are defined and discussed more fully in the 2010 Q2 Form 10-Q and in Fannie Mae's Form 10-K for the year ended December 31, 2009, the "2009 Form 10-K." These materials should be reviewed together with the 2010 Q2 Form 10-Q and the 2009 Form 10-K, copies of which are available in the "Investor Information" section of Fannie Mae's Web site at www.fanniemae.com.
- Some of the information in this presentation is based upon information that we received from third-party sources such as sellers and servicers of mortgage loans. Although we generally consider this information reliable, we do not independently verify all reported information.
- This presentation includes forward-looking statements relating to future home price changes. These statements are based on our opinions, analyses, estimates, forecasts and other views on a variety of economic and other information, and changes in the assumptions and other information underlying these views could produce materially different results. The impact of future home price changes on our business, results or financial condition will depend on many other factors.

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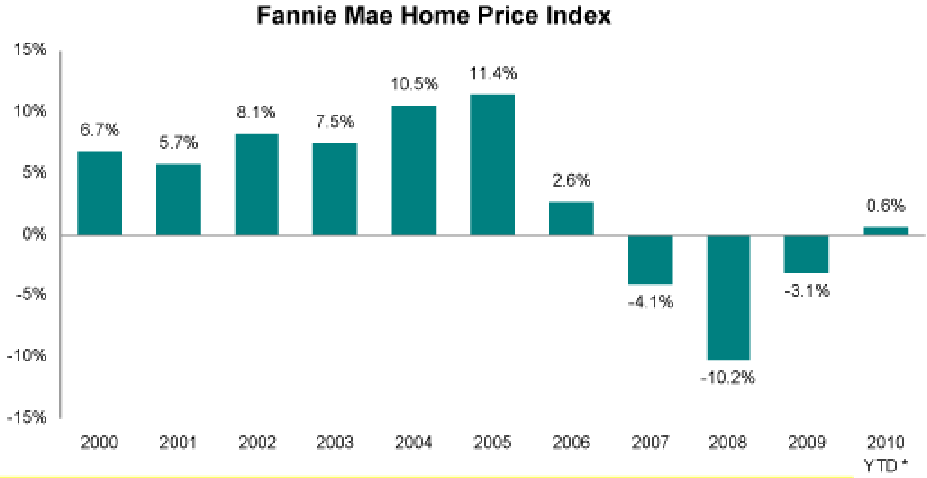
FannieMae

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



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
S&P/Case-Shiller Index	**9.8%**	**7.7%**	**10.6%**	**10.7%**	**14.6%**	**14.7%**	**-0.3%**	**-8.4%**	**-18.3%**	**-2.3%**

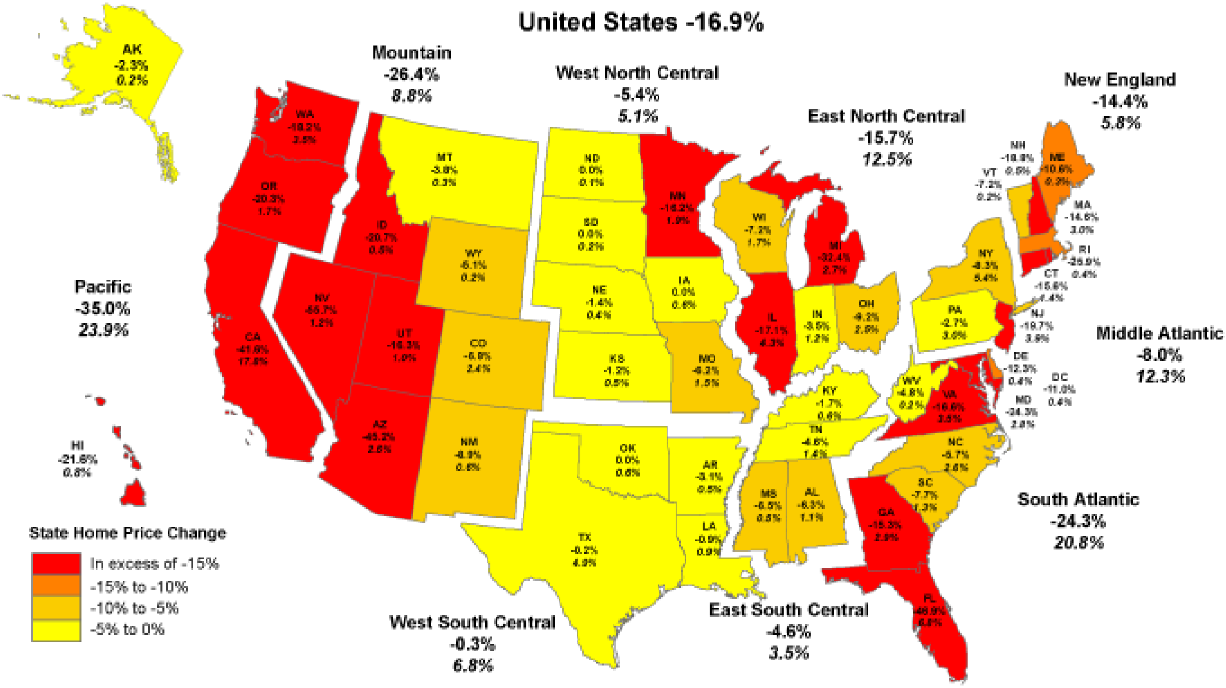
Growth rates are from period-end to period-end.

* Initial estimate based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of June 2010, supplemented by preliminary data available for purchase transactions to be closed in July and August 2010. Including subsequently available data may lead to materially different results.

We expect peak-to-trough declines in home prices to be in the 18% to 25% range (comparable to a decline of 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.

Home Price Declines Peak-to-Current (by State) as of 2010 Q2



Top %: State/Region Home Price Decline Rate percentage from applicable peak in that state through June 30, 2010
Bottom %: Percent of Fannie Mae single-family conventional guaranty book of business by unpaid principal balance as of June 30, 2010

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 June 2010, supplemented by preliminary data available for purchase transactions to be closed in July and August 2010. Including subsequently available data may lead to materially different results.

Fannie Mae Acquisition Profile by Key Product Features

Credit Characteristics of Single-Family Business Volume (1)

Acquisition Year	2010 Q2	2010 Q1	2009	2008	2007	2006
Unpaid Principal Balance (billions)	$ 110.2	$ 116.0	$ 684.7	$ 557.2	$ 643.8	$ 515.8
Weighted Average Origination Note Rate	4.93%	4.89%	4.93%	6.00%	6.51%	6.45%
Original Loan-to-Value Ratio						
<= 60%	27.4%	30.4%	32.6%	22.7%	16.7%	18.6%
>60% and <= 70%	14.7%	15.5%	17.0%	16.1%	13.5%	15.1%
>70% and <= 80%	39.9%	37.3%	39.9%	39.5%	44.7%	49.6%
>80% and <= 90%	9.9%	9.4%	6.9%	11.7%	9.1%	6.8%
>90% and <= 100%	6.1%	5.6%	3.3%	10.0%	15.8%	9.7%
> 100%	2.0%	1.8%	0.4%	0.1%	0.1%	0.2%
Weighted Average Origination Loan-to-Value Ratio	69.9%	68.5%	66.8%	72.0%	75.5%	73.4%
FICO Credit Scores (2)						
0 to < 620	0.6%	0.7%	0.4%	2.8%	6.4%	6.2%
>= 620 and < 660	2.1%	2.1%	1.5%	5.7%	11.5%	11.2%
>=660 and < 700	7.7%	7.8%	6.5%	13.9%	19.2%	19.6%
>=700 and < 740	17.4%	17.8%	17.2%	21.7%	22.6%	23.0%
>=740	72.1%	71.5%	74.4%	55.8%	40.1%	39.7%
Missing	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Weighted Average FICO Credit Score (2)	758	758	761	738	716	716
Product						
Fixed-rate	92.2%	92.0%	96.6%	91.7%	90.1%	83.4%
Adjustable-rate	7.8%	8.0%	3.4%	8.3%	9.9%	16.6%
Alt-A	0.0%	0.0%	0.0%	3.1%	16.7%	21.8%
Subprime	0.0%	0.0%	0.0%	0.3%	0.7%	0.7%
Interest Only	1.9%	2.2%	1.0%	5.6%	15.2%	15.2%
Negative Amortizing	0.0%	0.0%	0.0%	0.0%	0.3%	3.1%
Refinance	68.5%	78.5%	79.9%	58.6%	50.4%	48.3%
HARP (3)	10.6%	11.9%	3.8%	—	—	—
HARP Weighted Average Origination Loan-to-Value Ratio (3)	92.2%	91.7%	90.7%	—	—	—
Investor	5.5%	4.9%	2.5%	5.6%	6.5%	7.0%
Condo/Co-op	10.3%	10.0%	8.2%	10.3%	10.4%	10.5%

(1) Percentage calculated based on unpaid principal balance of loans at time of acquisition. Single-family business volume refers to both single-family mortgage loans we purchase for our mortgage portfolio and single-family mortgage loans we securitize into Fannie Mae MBS.
(2) FICO Credit scores presented in the table are borrower credit scores, as reported by the seller of the mortgage loan, at the time of delivery to Fannie Mae.
(3) The Home Affordable Refinance Program (HARP) started in April 2009.

Fannie Mae Credit Profile by Key Product Features

Credit Characteristics of Single-Family Conventional Guaranty Book of Business

As of June 30, 2010	Categories Not Mutually Exclusive [1]: Negative Amortizing Loans	Interest Only Loans	Loans with FICO < 620[3]	Loans with FICO ≥ 620 and < 660[3]	Loans with Origination LTV Ratio > 90%	Loans with FICO < 620 and Origination LTV Ratio > 90%[3]	Alt-A Loans	Subprime Loans	Sub-total of Key Product Features[1]	Overall Book
Unpaid Principal Balance (billions) [2]	$12.3	$169.9	$104.1	$218.9	$261.5	$22.7	$227.2	$6.9	$800.4	$2,785.7
Share of Single-Family Conventional Guaranty Book	0.4%	6.1%	3.7%	7.9%	9.4%	0.8%	8.2%	0.2%	28.7%	100.0%
Average Unpaid Principal Balance [2]	$126,384	$244,015	$123,505	$137,914	$145,987	$118,641	$164,815	$148,613	$151,921	$154,183
Serious Delinquency Rate	9.91%	19.43%	16.12%	12.04%	11.55%	24.28%	15.17%	29.96%	12.03%	4.99%
Origination Years 2005-2007	59.3%	76.6%	54.4%	51.9%	49.4%	67.4%	73.2%	80.5%	56.4%	32.7%
Weighted Average Origination Loan-to-Value Ratio	71.1%	75.4%	76.6%	77.2%	97.2%	98.1%	73.0%	77.1%	79.9%	71.3%
Original Loan-to-Value Ratio > 90%	0.3%	9.1%	21.8%	20.5%	100.0%	100.0%	5.3%	6.8%	32.7%	9.4%
Weighted Average Mark-to-Market Loan-to-Value Ratio	98.5%	107.2%	82.9%	84.4%	104.0%	105.2%	93.0%	98.5%	91.5%	74.4%
Mark-to-Market Loan-to-Value Ratio > 100% and <= 125%	13.8%	22.9%	14.2%	14.2%	28.0%	30.5%	15.7%	19.0%	18.0%	8.5%
Mark-to-Market Loan-to-Value Ratio > 125%	33.5%	26.3%	9.0%	10.4%	14.9%	16.6%	18.3%	18.1%	13.6%	5.9%
Weighted Average FICO [3]	706	725	588	641	701	592	717	622	687	732
FICO < 620 [3]	7.1%	1.3%	100.0%	—	8.7%	100.0%	0.7%	48.9%	13.0%	3.7%
Fixed-rate	0.3%	36.4%	88.4%	88.9%	91.6%	87.9%	70.3%	74.7%	78.8%	90.6%
Primary Residence	68.8%	85.1%	96.7%	94.2%	96.9%	99.4%	77.4%	96.6%	89.7%	89.9%
Condo/Co-op	14.0%	16.4%	4.9%	6.6%	9.9%	6.0%	10.8%	4.3%	9.7%	9.4%
Credit Enhanced [4]	61.7%	19.2%	31.3%	30.2%	83.6%	90.4%	19.1%	59.9%	36.8%	15.7%
% of 2007 Credit Losses [5]	0.9%	15.0%	18.8%	21.9%	17.4%	6.4%	27.8%	1.0%	72.3%	100.0%
% of 2008 Credit Losses [5]	2.9%	34.2%	11.8%	17.4%	21.3%	5.4%	45.6%	2.0%	81.3%	100.0%
% of 2009 Credit Losses [5]	2.0%	32.6%	8.8%	15.5%	19.2%	3.4%	39.6%	1.5%	75.0%	100.0%
% of 2010 Q1 Credit Losses [5]	2.6%	30.7%	7.1%	14.1%	16.3%	2.5%	36.5%	1.0%	70.3%	100.0%
% of 2010 Q2 Credit Losses [5]	2.4%	29.6%	7.6%	14.7%	17.9%	2.8%	35.1%	1.0%	70.7%	100.0%

(1) Loans with multiple product features are included in all applicable categories. The subtotal is calculated by counting a loan only once even if it is included in multiple categories.
(2) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information for over 99% of its single-family conventional guaranty book of business as of June 30, 2010.
(3) FICO Credit scores presented in the table are borrower credit scores, as reported by the seller of the mortgage loan, at the time of delivery to Fannie Mae.
(4) Unpaid principal balance of all loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae had access to loan level information. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.
(5) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2010 Q2 Form 10-Q.

Fannie Mae Credit Profile by Origination Year and Key Product Features

Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year

As of June 30, 2010	Overall Book	Origination Year 2010	2009	2008	2007	2006	2005	2004 and Earlier
Unpaid Principal Balance (billions) [(1)]	$2,785.7	$168.9	$646.6	$314.8	$380.2	$262.9	$268.3	$744.0
Share of Single-Family Conventional Guaranty Book	100.0%	6.1%	23.2%	11.3%	13.6%	9.4%	9.6%	26.7%
Average Unpaid Principal Balance[(1)]	$154,183	$217,068	$214,247	$190,665	$181,952	$166,564	$155,104	$103,009
Serious Delinquency Rate	4.99%	0.01%	0.12%	4.41%	13.79%	12.52%	7.20%	2.96%
Weighted Average Origination Loan-to-Value Ratio	71.3%	69.6%	67.0%	73.5%	77.7%	74.9%	72.3%	69.4%
Original Loan-to-Value Ratio > 90%	9.4%	8.2%	4.0%	11.0%	19.9%	11.8%	8.4%	7.8%
Weighted Average Mark-to-Market Loan-to-Value Ratio	74.4%	68.6%	66.2%	80.2%	98.5%	99.0%	85.4%	55.5%
Mark-to-Market Loan-to-Value Ratio > 100% and <= 125%	8.5%	2.0%	1.0%	11.9%	22.0%	17.9%	13.0%	3.1%
Mark-to-Market Loan-to-Value Ratio > 125%	5.9%	0.0%	0.0%	2.9%	16.4%	19.6%	11.5%	1.4%
Weighted Average FICO[(2)]	732	758	761	736	709	711	720	722
FICO < 620 [(2)]	3.7%	0.7%	0.4%	2.6%	7.4%	6.1%	4.5%	4.8%
Interest Only	6.1%	1.9%	1.0%	5.5%	15.4%	17.1%	9.9%	1.7%
Negative Amortizing	0.4%	0.0%	0.0%	0.0%	0.1%	1.2%	1.4%	0.7%
Fixed-rate	90.6%	92.6%	96.9%	91.8%	87.2%	83.3%	83.1%	91.1%
Primary Residence	89.9%	89.8%	92.7%	88.2%	88.2%	86.4%	87.5%	91.2%
Condo/Co-op	9.4%	10.0%	8.3%	11.4%	11.4%	11.6%	10.3%	7.3%
Credit Enhanced [(3)]	15.7%	6.9%	6.6%	24.3%	30.7%	21.3%	16.7%	11.8%
% of 2007 Credit Losses [(4)]	100.0%	—	—	—	1.9%	21.3%	23.6%	53.2%
% of 2008 Credit Losses [(4)]	100.0%	—	—	0.5%	27.9%	34.9%	19.3%	17.3%
% of 2009 Credit Losses [(4)]	100.0%	—	0.0%	4.8%	36.0%	30.9%	16.4%	11.9%
% of 2010 Q1 Credit Losses [(4)]	100.0%	0.0%	0.1%	6.6%	36.6%	30.2%	16.0%	10.6%
% of 2010 Q2 Credit Losses [(4)]	100.0%	0.0%	0.3%	7.1%	36.8%	29.9%	15.8%	10.1%
Cumulative Default Rate [(5)]	—	—	0.01%	0.86%	4.34%	4.76%	2.91%	—

(1) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information for over 99% of its single-family conventional guaranty book of business as of June 30, 2010.

(2) FICO Credit scores presented in the table are borrower credit scores, as reported by the seller of the mortgage loan, at the time of delivery to Fannie Mae.

(3) Unpaid principal balance of all loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae has access to loan-level information. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.

(4) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2010 Q2 Form 10-Q.

(5) Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and includes loan foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year. For 2000 to 2004 cumulative default rates, refer to slide 8.

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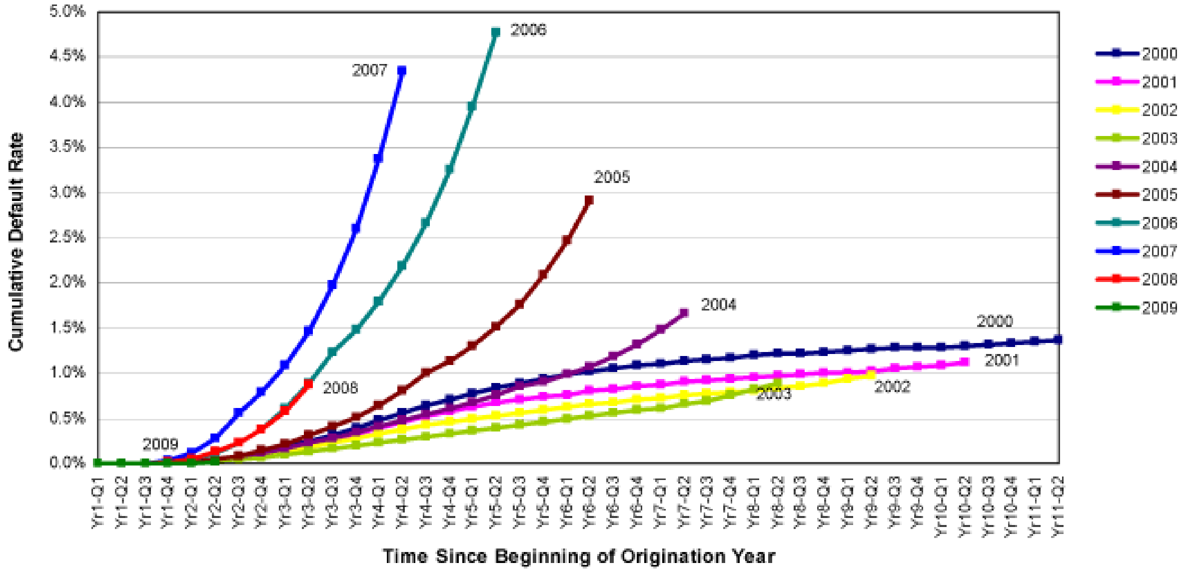
Fannie Mae Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Year



Note: Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and include loan foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year.

Data as of June 30, 2010 are not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.

Fannie Mae Credit Profile by State

Credit Characteristics of Single-Family Conventional Guaranty Book of Business by State

As of June 30, 2010	Overall Book	AZ	CA	FL	NV	Select Midwest States [5]
Unpaid Principal Balance (billions) [1]	$2,785.7	$73.4	$496.8	$189.6	$33.3	$298.6
Share of Single-Family Conventional Guaranty Book	100.0%	2.6%	17.8%	6.8%	1.2%	10.7%
Average Unpaid Principal Balance [1]	$154,183	$157,064	$216,655	$143,130	$173,088	$122,902
Serious Delinquency Rate	4.99%	7.48%	4.99%	12.60%	12.83%	5.17%
Origination Years 2005-2007	32.7%	48.1%	27.7%	51.9%	51.8%	30.4%
Weighted Average Origination Loan-to-Value Ratio	71.3%	73.8%	63.8%	73.2%	74.6%	74.7%
Original Loan-to-Value Ratio > 90%	9.4%	10.3%	3.4%	10.4%	9.5%	12.2%
Weighted Average Mark-to-Market Loan-to-Value Ratio	74.4%	100.4%	75.3%	101.5%	129.1%	77.9%
Mark-to-Market Loan-to-Value Ratio >100% and <=125%	8.5%	19.3%	10.5%	18.5%	16.3%	11.8%
Mark-to-Market Loan-to-Value Ratio >125%	5.9%	25.1%	10.3%	27.3%	49.6%	4.2%
Weighted Average FICO [2]	732	731	741	721	728	727
FICO < 620 [2]	3.7%	3.2%	2.1%	5.0%	2.9%	4.7%
Interest Only	6.1%	12.5%	9.7%	10.2%	17.5%	3.6%
Negative Amortizing	0.4%	0.5%	1.4%	1.0%	1.6%	0.1%
Fixed-rate	90.6%	85.1%	86.2%	86.4%	78.1%	90.9%
Primary Residence	89.9%	83.3%	88.6%	82.1%	80.3%	93.7%
Condo/Co-op	9.4%	5.1%	11.9%	15.0%	7.1%	10.7%
Credit Enhanced [3]	15.7%	16.1%	7.1%	17.7%	18.1%	19.2%
% of 2007 Credit Losses [4]	100.0%	1.8%	7.2%	4.7%	1.2%	46.6%
% of 2008 Credit Losses [4]	100.0%	8.0%	25.2%	10.9%	4.9%	21.1%
% of 2009 Credit Losses [4]	100.0%	10.8%	24.4%	15.5%	6.5%	14.8%
% of 2010 Q1 Credit Losses [4]	100.0%	10.8%	24.9%	18.0%	4.6%	14.6%
% of 2010 Q2 Credit Losses [4]	100.0%	9.2%	21.5%	19.1%	6.2%	13.9%

(1) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information for over 99% of its single-family conventional guaranty book of business as of June 30, 2010.
(2) FICO Credit scores presented in the table are borrower credit scores, as reported by the seller of the mortgage loan, at the time of delivery to Fannie Mae.
(3) Unpaid principal balance of all loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae has access to loan-level information. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.
(4) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2010 Q2 Form 10-Q.
(5) Select Midwest states are Illinois, Indiana, Michigan and Ohio.

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Fannie Mae Single-Family Serious Delinquency Rates by State and Region (1)

State	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
Arizona	7.48%	8.76%	8.80%	7.87%	6.54%
California	4.99%	5.72%	5.73%	5.06%	4.23%
Florida	12.60%	13.27%	12.82%	11.31%	9.71%
Nevada	12.83%	13.95%	13.00%	11.16%	9.33%
Select Midwest States (2)	5.17%	5.65%	5.62%	4.98%	4.16%
All conventional single-family loans	4.99%	5.47%	5.38%	4.72%	3.94%

Region (3)					
Midwest	4.52%	4.96%	4.97%	4.42%	3.71%
Northeast	4.43%	4.74%	4.53%	3.91%	3.20%
Southeast	6.67%	7.22%	7.06%	6.18%	5.21%
Southwest	3.67%	4.17%	4.19%	3.71%	3.07%
West	4.96%	5.55%	5.45%	4.77%	3.96%
All conventional single-family loans	4.99%	5.47%	5.38%	4.72%	3.94%

(1) Calculated based on the number of loans in Fannie Mae's single-family conventional guaranty book of business within each specified category.

(2) Select Midwest states are Illinois, Indiana, Michigan and Ohio.

(3) For information on which states are included in each region, refer to Fannie Mae's 2010 Q2 Form 10-Q.

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Home Price Growth/Decline and Fannie Mae Real Estate Owned (REO) in Selected States

State	REO Acquisitions (Number of Properties)					REO Inventory as of June 30, 2010	REO Inventory as of June 30, 2009	5-Year Annualized HP Growth July 2005 to June 2010[1]	1-Year HP Growth July 2009 to June 2010[1]
	2010 Q2	2010 Q1	2009	2008	2007				
Arizona	5,256	5,374	12,854	5,532	751	8,427	4,354	-7.9%	0.3%
California	8,256	8,700	19,565	10,624	1,681	16,630	8,078	-8.7%	1.0%
Florida	8,712	6,556	13,282	6,159	1,714	13,179	4,251	-8.7%	0.0%
Nevada	2,686	1,451	6,075	2,906	530	3,668	2,254	-13.8%	-7.3%
Select Midwest States [2]	12,356	12,058	28,464	23,668	16,678	29,945	16,915	-3.2%	0.0%
All other States	31,572	27,790	65,377	45,763	27,767	57,461	26,763	0.2%	-0.3%
Total	68,838	61,929	145,617	94,652	49,121	129,310	62,615	-2.1%	-0.1%

(1) Initial estimate based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of June 2010, supplemented by preliminary data available for purchase transactions to be closed in July and August 2010. Including subsequently available data may lead to materially different results.

(2) Select Midwest states are Illinois, Indiana, Michigan and Ohio.

REO Net Sales Prices Compared With Unpaid Principal Balances of Mortgage Loans						
2010 Q2	2010 Q1	2009	2008	2007	2006	2005
58%	56%	55%	68%	78%	83%	87%

Fannie Mae Alt-A Credit Profile by Key Product Features

Credit Characteristics of Alt-A Single-Family Conventional Guaranty Book of Business by Origination Year

As of June 30, 2010	Alt-A [1]	Origination Year [2] 2008	2007	2006	2005	2004 and Earlier
Unpaid principal balance (billions) [3]	$227.2	$6.8	$59.3	$63.6	$43.4	$55.1
Share of Alt-A	100.0%	2.6%	26.1%	28.0%	19.1%	24.2%
Weighted Average Origination Loan-to-Value Ratio	73.0%	67.4%	75.0%	74.2%	72.6%	70.2%
Original Loan-to-Value Ratio > 90%	5.3%	2.4%	8.5%	4.7%	3.3%	4.5%
Weighted Average Mark-to-Market Loan-to-Value Ratio	93.0%	78.1%	104.5%	107.4%	96.6%	62.6%
Mark-to-Market Loan-to-Value Ratio > 100% and <=125%	15.7%	11.5%	21.9%	18.9%	16.0%	5.4%
Mark-to-Market Loan-to-Value Ratio > 125%	18.3%	4.5%	23.1%	27.0%	20.2%	3.2%
Weighted Average FICO [4]	717	726	712	713	723	721
FICO < 620 [4]	0.7%	0.2%	0.5%	0.5%	0.4%	1.4%
Adjustable-rate	29.7%	13.7%	25.8%	32.7%	40.4%	23.7%
Interest Only	29.3%	7.1%	38.0%	38.3%	29.2%	12.2%
Negative Amortizing	2.9%	0.0%	0.0%	4.0%	6.6%	2.1%
Investor	17.8%	18.3%	19.5%	17.2%	20.0%	14.8%
Condo/Co-op	10.8%	6.9%	9.8%	11.7%	13.0%	9.4%
California	22.0%	20.4%	22.2%	19.9%	20.9%	25.0%
Florida	11.6%	9.3%	12.2%	13.4%	12.9%	8.3%
Credit Enhanced [5]	19.1%	13.9%	18.3%	18.6%	21.0%	19.8%
2009 Q2 Serious Delinquency Rate	11.91%	6.52%	17.05%	16.78%	10.97%	5.02%
2009 Q3 Serious Delinquency Rate	13.97%	8.72%	20.19%	19.43%	12.72%	5.95%
2009 Q4 Serious Delinquency Rate	15.63%	10.55%	22.72%	21.57%	14.24%	6.73%
2010 Q1 Serious Delinquency Rate	16.22%	11.57%	23.71%	22.26%	14.82%	7.04%
2010 Q2 Serious Delinquency Rate	15.17%	11.08%	22.07%	20.74%	14.13%	6.69%
% of 2007 Credit Losses [6]	27.8%	—	0.7%	9.8%	9.7%	7.7%
% of 2008 Credit Losses [6]	45.6%	0.0%	12.4%	20.2%	9.7%	3.4%
% of 2009 Credit Losses [6]	39.6%	0.4%	13.4%	15.8%	7.3%	2.7%
% of 2010 Q1 Credit Losses [6]	36.5%	0.6%	12.8%	14.4%	6.5%	2.3%
% of 2010 Q2 Credit Losses [6]	35.1%	0.5%	12.1%	14.0%	6.4%	2.1%
Cumulative Default Rate [7]	—	3.06%	9.28%	9.60%	6.16%	—

(1) "Alt-A mortgage loan" generally refers to a mortgage loan that can be underwritten with reduced or alternative documentation than that required for a full documentation mortgage loan but may also include other alternative product features. In reporting our Alt-A exposure, we have classified mortgage loans as Alt-A if the lenders that deliver the mortgage loans to us have classified the loans as Alt-A based on documentation or other product features. We have classified private-label mortgage-related securities held in our investment portfolio as Alt-A if the securities were labeled as such when issued.

(2) As a result of our decision to discontinue the purchase of newly originated Alt-A loans effective January 1, 2009, no comparable data will be provided for 2009 and 2010.

(3) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information for over 99% of its single-family conventional guaranty book of business as of June 30, 2010.

(4) FICO Credit scores presented in the table are borrower credit scores, as reported by the seller of the mortgage loan, at the time of delivery to Fannie Mae.

(5) Defined as unpaid principal balance of Alt-A loans with credit enhancement as a percentage of unpaid principal balance of all Alt-A loans. At June 30, 2010,10.3% of unpaid principal balance of Alt-A loans carried only primary mortgage insurance (no deductible), 7.0% had only pool insurance (which is generally subject to a deductible), 1.3% had primary mortgage insurance and pool insurance, and 0.5% carried other credit enhancement such as lender recourse.

(6) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2010 Q2 Form 10-Q.

(7) Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and includes loan foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year.

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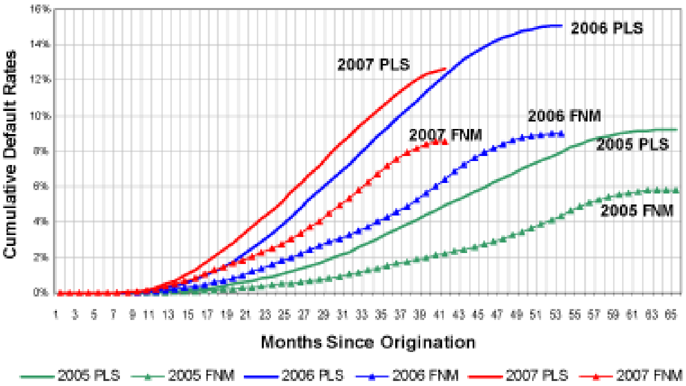
Fannie Mae Alt-A Loans Versus Loans Underlying Private-Label Alt-A Securities

Fannie Mae Alt-A Versus Private-Label Security Conforming Alt-A

	Fannie Mae Alt-A Outstanding Alt-A loans in Fannie Mae's Single-Family Guaranty Book of Business as of May 2010	Private-Label Alt-A Outstanding loans backing non-agency Conforming Alt-A MBS as of May 2010
FICO	717	709
Original Loan-to-Value Ratio	73%	75%
Combined Loan-to-Value Ratio at Origination (1)	77%	81%
Geography		
California	22%	27%
Florida	12%	14%
Product Type		
Fixed-Rate	71%	51%
Adjustable-Rate	29%	49%
Interest Only	20%	24%
Negative Amortizing	3%	20%
Investor	18%	21%

Cumulative Default Rates For Fannie Mae Alt-A And Private-Label Alt-A For 2005, 2006 and 2007 Cohorts (2)(3)



(1) Includes first liens and any subordinate liens present at origination.

(2) The Cumulative Default Rate is based upon the number of months between the loan origination month/year and default month/year.

(3) Due to low amount of Alt-A loans originated in 2008 and 2009, no comparable data has been provided for these years.

Data as of May 2010 are not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.

Note: Private-label securities data source: First American CoreLogic, LoanPerformance data, which estimates it captures 97% of Alt-A private-label securities.

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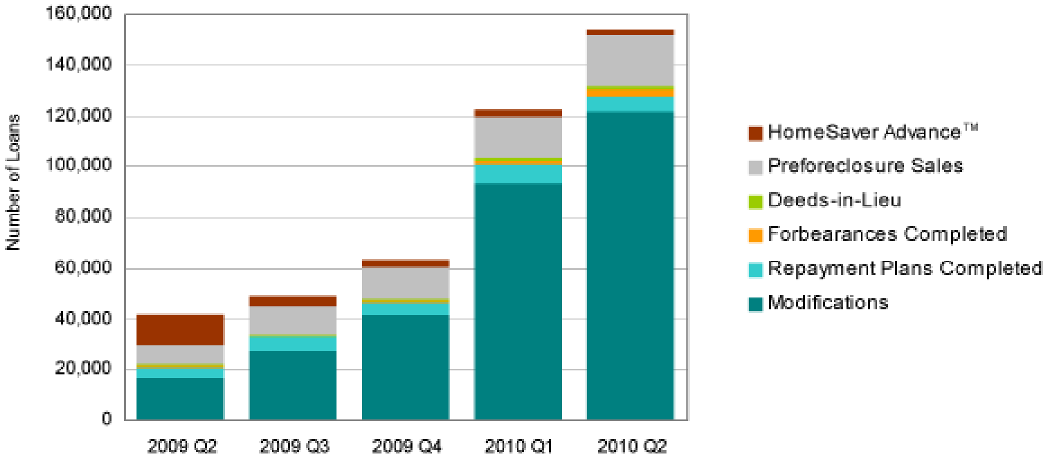
Fannie Mae Workouts by Type



- Modifications involve changes to the original mortgage loan terms, which may include a change to the product type, interest rate, amortization term, maturity date and/or unpaid principal balance. Modifications include completed modifications made under the Administration's Home Affordable Modification Program, which was implemented beginning in March 2009, but do not reflect loans currently in trial modifications under that program. Information on Fannie Mae loans under the Home Affordable Modification Program is provided on Slide 15.
- Repayment plans involve plans to repay past due principal and interest over a reasonable period of time through temporarily higher monthly payments. Loans with completed repayment plans are included for loans that were at least 60 days delinquent at initiation.
- Forbearances involve an agreement to suspend or reduce borrower payments for a period of time. Loans with forbearance plans are included for loans that were at least 90 days delinquent at initiation.
- Deeds in lieu of foreclosure involve the borrower's voluntarily signing over title to the property without the added expense of a foreclosure proceeding.
- In a preforeclosure sale, the borrower, working with the servicer, sells the home prior to foreclosure to pay off all or part of the outstanding loan, accrued interest and other expenses from the sale proceeds.
- HomeSaver Advance ™ are unsecured, personal loans designed to help qualified borrowers bring their delinquent mortgage loans current after a temporary financial difficulty.

FannieMae

Home Affordable Modification Program (HAMP)

Fannie Mae Loans Under HAMP

As of June 30, 2010 reporting period	Active HAMP Trials	Active Permanent HAMP Modification [1]
Total	136,892	137,687
Modification Structure		
Rate Reduction	100%	100%
Term Extension	67%	61%
Forbearance	21%	25%
Median Monthly Principal and Interest Reduction	$439	$481
% of June 30, 2010 SDQ Loans [2]	10%	

Data Source: United States Treasury Department as reported by servicers to the system of record for the Home Affordable Modification Program.

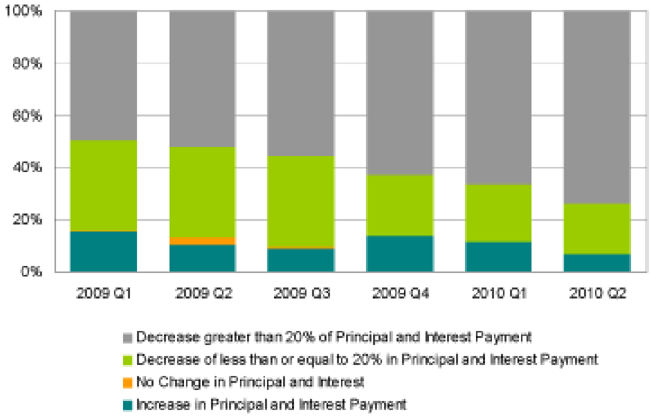
(1) Active Permanent HAMP modifications exclude modifications on loans that subsequently canceled because the loans were 90+ days delinquent or have paid off.

(2) Re-performance rates for modified single-family loans, including permanent HAMP modifications, are presented on Slide 16.

- Provides immediate payment relief to borrowers who are delinquent or in imminent risk of payment default.
- We require servicers to first evaluate all Fannie Mae problem loans for HAMP eligibility. If a borrower is not eligible for HAMP, our servicers are required to exhaust all other workout alternatives before proceeding to foreclosure.

Fannie Mae Modifications of Single-Family Delinquent Loans

Change in Monthly Principal and Interest Payment of Modified Single-Family Loans[1][2]



Re-performance Rates of Modified Single-Family Loans[1]

% Current and Performing [3]	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
3 months post modification	62%	63%	57%	78%	80%
6 months post modification	46%	50%	47%	69%	n/a
9 months post modification	36%	44%	45%	n/a	n/a
12 months post modification	35%	43%	n/a	n/a	n/a

(1) Excludes loans that were classified as subprime adjustable rate mortgages that were modified into fixed rate mortgages and were current at the time of modification. Modifications include permanent modifications started under the Administration's Home Affordable Modification Program, which was implemented beginning in March 2009, but do not reflect loans currently in trial modifications under that program. Information on the Home Affordable Modification Program is provided on Slide 15.

(2) Represents the change in the monthly principal and interest payment at the effective date of the modification. The monthly principal and interest payment on modified loans may vary, and may increase, during the remaining life of the loan.

(3) Includes loans that paid off.

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Fannie Mae Multifamily Credit Profile by Loan Attributes

As of June 30, 2010 [5]	Unpaid Principal Balance (Billions)	% of Multifamily Guaranty Book of Business	% Seriously Delinquent [3]	% of 2010 Q2 Credit Losses
Total Multifamily Guaranty Book of Business [1] [2]	$184.0	100%	0.80%	100%
Originating loan-to-value ratio:				
Less than or equal to 80%	$174.5	95%	0.81%	91%
Greater than 80%	$9.5	5%	0.61%	9%
Loan Size Distribution:				
Less than or equal to $750K	$4.4	2%	1.68%	2%
Greater than $750K and less than or equal to $3M	$23.0	13%	1.06%	12%
Greater than $3M and less than or equal to $5M	$17.4	9%	1.14%	15%
Greater than $5M and less than or equal to $25M	$76.2	41%	0.93%	57%
Greater than $25M	$63.0	35%	0.40%	14%
Credit Enhanced Loans:				
Credit Enhanced	$164.2	89%	0.70%	87%
Non-Credit Enhanced	$19.8	11%	1.62%	13%
Delegated Underwriting and Servicing (DUS ®) Loans: [4]				
DUS ®	$140.1	76%	0.60%	93%
Remaining Book	$44.0	24%	1.46%	7%
Maturity Dates:				
Loans maturing in 2010	$2.1	1%	4.10%	5%
Loans maturing in 2011	$8.7	5%	0.63%	12%
Loans maturing in 2012	$15.1	8%	1.53%	0%
Loans maturing in 2013	$20.7	11%	0.73%	6%
Loans maturing in 2014	$15.8	9%	0.58%	16%
Other	$121.7	66%	0.71%	61%

(1) Excludes loans that have been defeased. Defeasance is prepayment of a loan through substitution of collateral, such as Treasury securities.

(2) Consists of the portion of our multifamily guaranty book of business for which we have access to detailed loan level information, which constituted approximately 99% of our total multifamily guaranty book of business as of June 30, 2010.

(3) Multifamily loans and securities that are two or more months past due.

(4) Under the Delegated Underwriting and Servicing, or DUS ®, product line, Fannie Mae purchases individual, newly originated mortgages from specially approved DUS lenders using DUS underwriting standards and/or DUS loan documents. Because DUS lenders generally share the risk of loss with Fannie Mae, they are able to originate, underwrite, close and service most loans without our pre-review.

(5) Numbers may not sum due to rounding.

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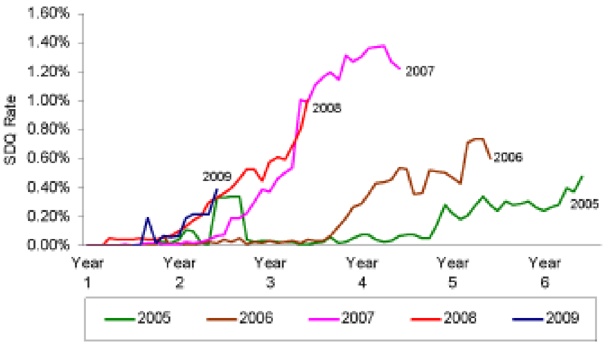
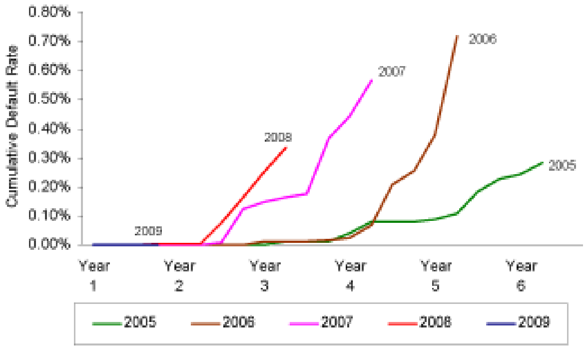
Fannie Mae Multifamily Credit Profile by Acquisition Year





As of June 30, 2010 [5]	Unpaid Principal Balance (Billions)	% of Multifamily Guaranty Book of Business	% Seriously Delinquent [3]	% of 2010 Q2 Credit Losses
Total Multifamily Guaranty Book of Business [1] [2]	$184.0	100%	0.80%	100%
By Acquisition Year:[4]				
2010	$5.9	3%	0.00%	0%
2009	$19.4	11%	0.39%	1%
2008	$33.3	18%	1.01%	16%
2007	$43.1	23%	1.22%	25%
2006	$19.4	11%	0.60%	28%
2005	$16.9	9%	0.48%	0%
Prior to 2005	$46.1	25%	0.75%	30%

(1) Excludes loans that have been defeased. Defeasance is prepayment of a loan through substitution of collateral, such as Treasury securities.

(2) Consists of the portion of our multifamily guaranty book of business for which we have access to detailed loan level information , which constituted approximately 99% of our total multifamily guaranty book of business as of June 30, 2010.

(3) Multifamily loans and securities that are two or more months past due.

(4) Includes only active loans.

(5) Numbers may not sum due to rounding.