

Fannie Mae Update

Treasury Meeting

August 9, 2012

(Updated on 8/15/2012)

Confidential Commercial Information - Confidential Treatment and FOIA Exemption Requested



FM_Fairholme_CFC-00002526

Agenda

- Introduction of Fannie Mae Management Team
- Fannie Mae Corporate Update
- Status of Key Initiatives
- Discussion

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2012 Quarterly Earnings

(\$ in Billions)

	Actual				Forecast ¹		
	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Full Year 2012
Net interest income - portfolio and other.....	3.9	2.7	3.7	3.7	3.5	3.3	14.2
Net interest income - MBS guaranty fee.....	1.3	1.5	1.5	1.8	1.6	1.7	6.5
Other revenues.....	0.3	0.4	0.4	0.4	0.3	0.3	1.3
Net revenues.....	\$ 5.5	\$ 4.5	\$ 5.6	\$ 5.8	\$ 5.4	\$ 5.2	\$ 22.1
Credit losses.....	(4.5)	(5.2)	(5.1)	(3.9)	(4.5)	(5.2)	(18.6)
(Build) / reduction in allowance.....	(0.9)	(1.3)	2.3	6.6	2.6	(0.5)	11.0
SOP 03-3.....	0.5	1.0	0.4	0.4	0.5	0.4	1.7
Credit-related (expenses) / benefit.....	\$ (4.9)	\$ (5.5)	\$ (2.3)	\$ 3.1	\$ (1.4)	\$ (5.3)	\$ (5.9)
Other expenses.....	(1.2)	(0.7)	(0.8)	(1.4)	(1.1)	(1.1)	(4.3)
(Loss) / earnings before mark-to-market activity.....	\$ (0.6)	\$ (1.7)	\$ 2.4	\$ 7.6	\$ 3.0	\$ (1.1)	\$ 11.9
Fair value (losses) / gains, net.....	(4.5)	(0.8)	0.3	(2.4)	0.1	0.1	(1.9)
Accumulated other comprehensive income change.....	(0.2)	0.5	0.4	0.3	0.1	0.1	0.9
Mark-to-market.....	(4.7)	(0.3)	0.6	(2.1)	0.2	0.2	(1.0)
Total comprehensive (loss) / income.....	\$ (5.3)	\$ (1.9)	\$ 3.1	\$ 5.4	\$ 3.2	\$ (0.9)	\$ 10.9
Cumulative infusion received, plus new draw.....	\$ 111.6	\$ 116.1	\$ 116.1	\$ 116.1	\$ 116.1	\$ 116.8	\$ 116.8
Dividends.....	\$ (2.5)	\$ (2.6)	\$ (2.8)	\$ (2.9)	\$ (2.9)	\$ (2.9)	\$ (11.6)

¹ Forecast periods reflect July 2012 BoD corporate forecast updated for actuals through June 2012

Note: Numbers may not foot due to rounding.

2012 – 2016 Annual Earnings

(\$ in Billions)

	Forecast ¹				
	2012	2013	2014	2015	2016
Net interest income - portfolio and other.....	14.2	12.5	11.3	10.3	8.9
Net interest income - MBS guaranty fee.....	6.5	7.0	7.5	8.0	8.6
Other revenues.....	1.3	1.0	0.9	0.9	1.0
Net revenues.....	\$ 22.1	\$ 20.5	\$ 19.8	\$ 19.3	\$ 18.4
Credit losses.....	(18.6)	(19.0)	(17.7)	(13.3)	(9.5)
Reduction in allowance.....	11.0	7.5	11.0	9.0	7.7
SOP 03-3.....	1.7	1.9	1.6	1.1	0.8
Credit-related expenses.....	\$ (5.9)	\$ (9.6)	\$ (5.1)	\$ (3.2)	\$ (1.0)
Other expenses.....	(4.3)	(3.9)	(4.1)	(4.2)	(4.1)
Earnings before mark-to-market activity.....	\$ 11.9	\$ 6.9	\$ 10.5	\$ 11.9	\$ 13.4
Fair value (losses) / gains, net.....	(1.9)	0.5	0.5	0.5	0.4
Accumulated other comprehensive income change.....	0.9	0.1	0.1	0.1	0.1
Mark-to-market.....	(1.0)	0.6	0.5	0.5	0.5
Total comprehensive income.....	\$ 10.9	\$ 7.5	\$ 11.0	\$ 12.5	\$ 13.9
Cumulative infusion received, plus new draw.....	\$ 116.8	\$ 121.2	\$ 122.4	\$ 122.4	\$ 122.4
Dividends.....	\$ (11.6)	\$ (11.8)	\$ (12.2)	\$ (12.3)	\$ (12.3)

¹ Forecast periods reflect July 2012 BoD corporate forecast updated for actuals through June 2012

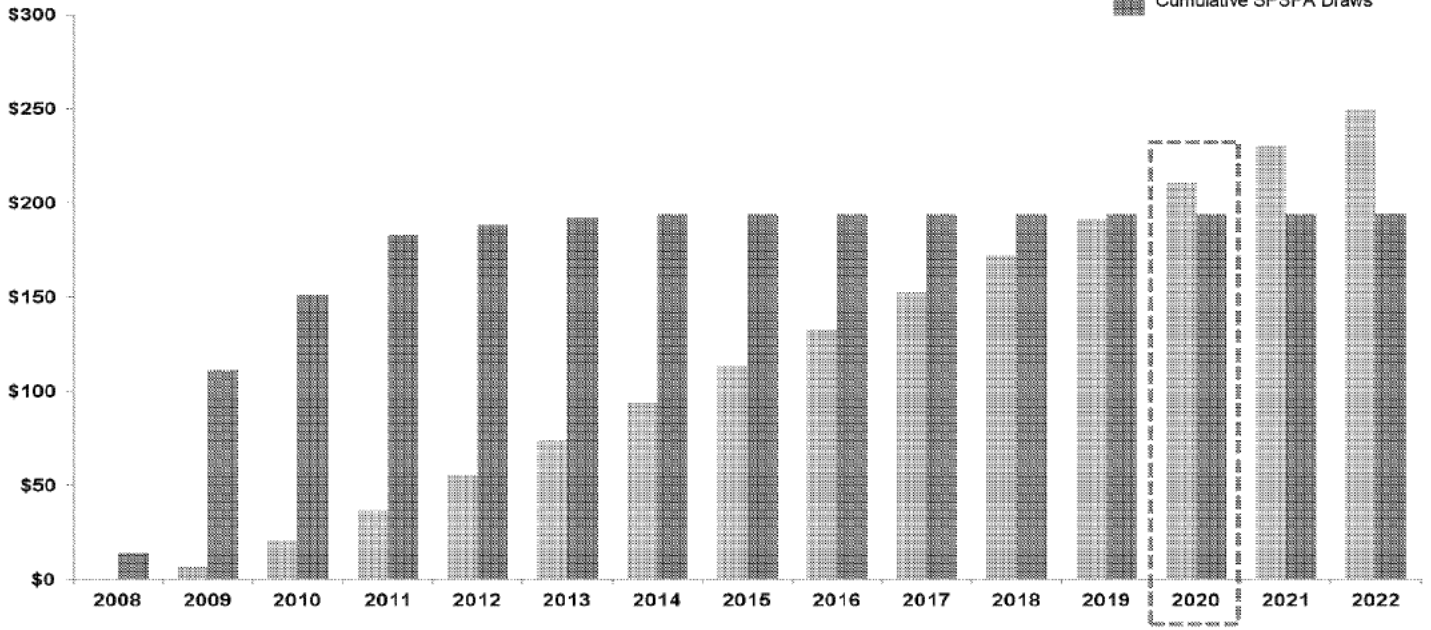
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Cumulative GSE Dividend Payments vs. Cumulative SPSPA Draws

(\$ in Billions)

Cumulative Dividend Payments
 Cumulative SPSPA Draws



SPSPA Draws Less Dividends (\$B)	(\$14)	(\$104)	(\$131)	(\$147)	(\$133)	(\$117)	(\$100)	(\$80)	(\$61)	(\$41)	(\$22)	(\$2)	\$17	\$36	\$53
Residual Equity (\$B)	-	-	-	-	\$0	\$1	\$2	\$4	\$8	\$10	\$11	\$11	\$9	\$8	\$8

Note: Figures above based on extended earnings forecast for both Fannie Mae and Freddie Mac. Forecast incorporates actual results through May 2012 for Fannie Mae and through 2011 for Freddie Mac.

Annual Detail of Modeled Cumulative Dividends and SPSPA Draws

(\$ in Billions)

	2008-2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Comprehensive Income		11.6	7.5	11.0	12.5	13.9	13.2	12.2	11.4	10.9	10.5	10.5
Preferred Dividend Payment	19.8	11.6	11.8	12.1	12.2	12.2	12.2	12.2	12.2	12.2	12.3	12.5
Residual Equity	0.0	0.0	0.0	0.0	0.2	1.8	2.8	2.7	1.9	0.5	0.0	0.0
Cumulative Dividends	19.8	31.4	43.2	55.3	67.6	79.8	92.1	104.3	116.6	128.8	141.1	153.6
Cumulative SPSPA Draws ¹	(111.6)	(116.1)	(119.0)	(121.2)	(121.5)	(121.5)	(121.5)	(121.5)	(121.5)	(121.5)	(122.9)	(124.8)
Cumulative Draws Less Dividends	(91.8)	(84.7)	(75.8)	(65.9)	(53.9)	(41.7)	(29.4)	(17.2)	(4.9)	7.3	18.3	28.8
SPSPA Funding Cap ²	240.9	240.9	240.9	240.9	240.9	240.9	240.9	240.9	240.9	240.9	240.9	240.9
Remaining Funding under SPSPA	124.8	124.8	121.9	119.7	119.4	119.4	119.4	119.4	119.4	119.4	118.0	116.1

1 Draw requests related to net deficit occurring in Q4 are included in the following year. Treasury draw requests do not include the initial \$1B liquidation preference of Fannie Mae's senior preferred stock, for which Fannie Mae did not receive any cash proceeds.

2 Pursuant to the amended senior preferred stock purchase agreement, cash draws attributable to deficits occurring in 2010-2012 do not count against the \$200B funding cap.

Note: Figures from Fannie Mae July BoD corporate forecast incorporate actual results through May 2012. 2017-2022 figures are based on simplifying assumptions derived from trends observed within the 2012-2016 horizon.

(\$ in Billions)

	2008-2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Comprehensive Income		6.7	7.8	8.7	9.1	9.6	8.7	8.4	7.7	7.2	6.7	6.6
Preferred Dividend Payment	16.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Residual Equity	0.0	0.0	0.5	2.0	3.8	6.1	7.5	8.6	9.0	8.9	8.3	7.6
Cumulative Dividends	16.3	23.6	30.8	38.1	45.4	52.7	60.0	67.3	74.5	81.8	89.1	96.4
Cumulative SPSPA Draws ¹	(71.2)	(71.8)	(71.8)	(71.8)	(71.8)	(71.8)	(71.8)	(71.8)	(71.8)	(71.8)	(71.8)	(71.8)
Cumulative Draws Less Dividends	(54.9)	(48.3)	(41.0)	(33.7)	(26.4)	(19.2)	(11.9)	(4.6)	2.7	10.0	17.3	24.6
SPSPA Funding Cap ²	220.6	221.1	221.1	221.1	221.1	221.1	221.1	221.1	221.1	221.1	221.1	221.1
Remaining Funding under SPSPA	149.3	149.3	149.3	149.3	149.3	149.3	149.3	149.3	149.3	149.3	149.3	149.3

1 Draw requests related to net deficit occurring in Q4 are included in the following year. Treasury draw requests do not include the initial \$1B liquidation preference of Freddie Mac's senior preferred stock, for which Freddie Mac did not receive any cash proceeds.

2 Pursuant to the amended senior preferred stock purchase agreement, cash draws attributable to deficits occurring in 2010-2012 do not count against the \$200B funding cap.

Note: 2012-2022 figures are based on simplifying assumptions derived from Fannie Mae forecast trends and observed relationships between key Fannie Mae and Freddie Mac performance metrics. These figures incorporate actual results through 2011 only.

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Status of Key Initiatives

Redacted for Non-Responsiveness