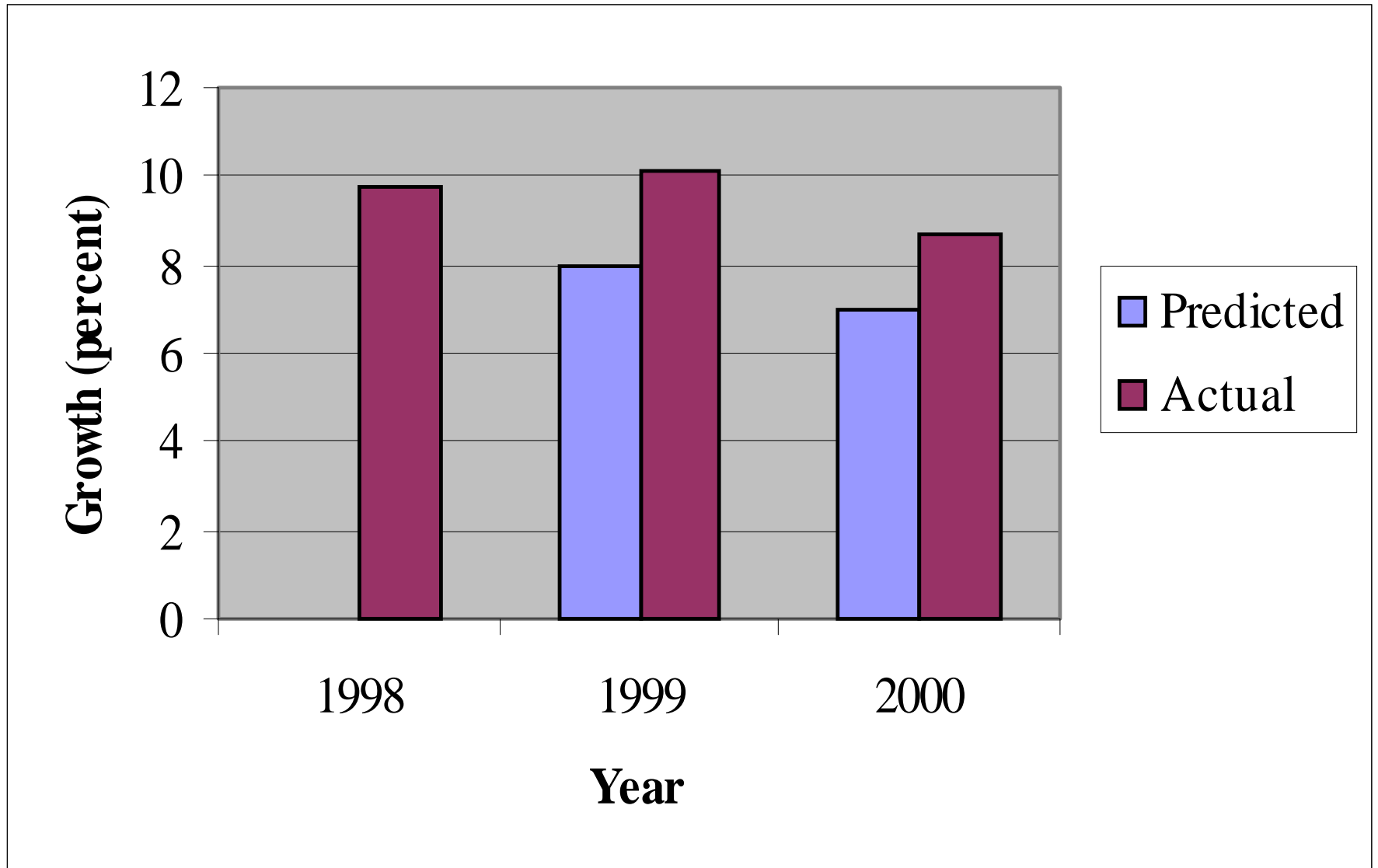


# The Promise

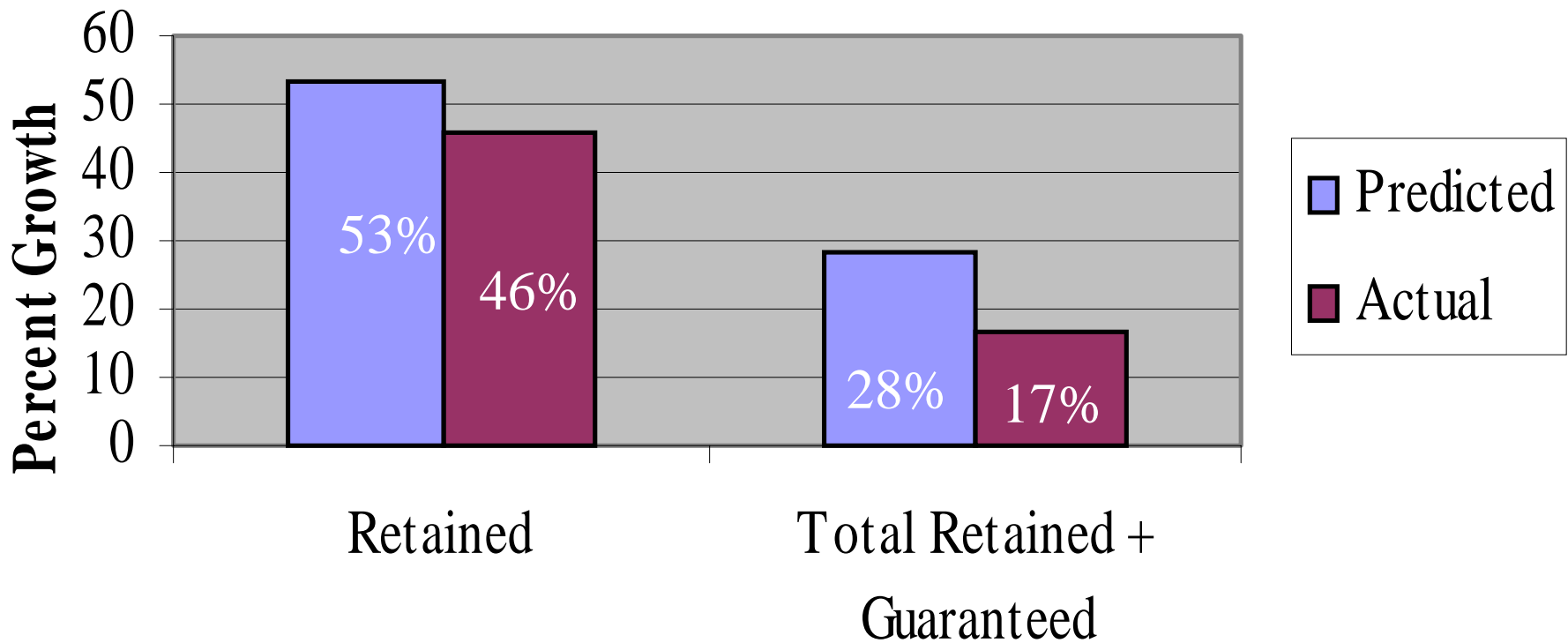
May 6, 1999

1. Fannie's "EPS will double over the next five years."
2. "We now project our share of the market will rise to 27 or 28 percent in the next five years."

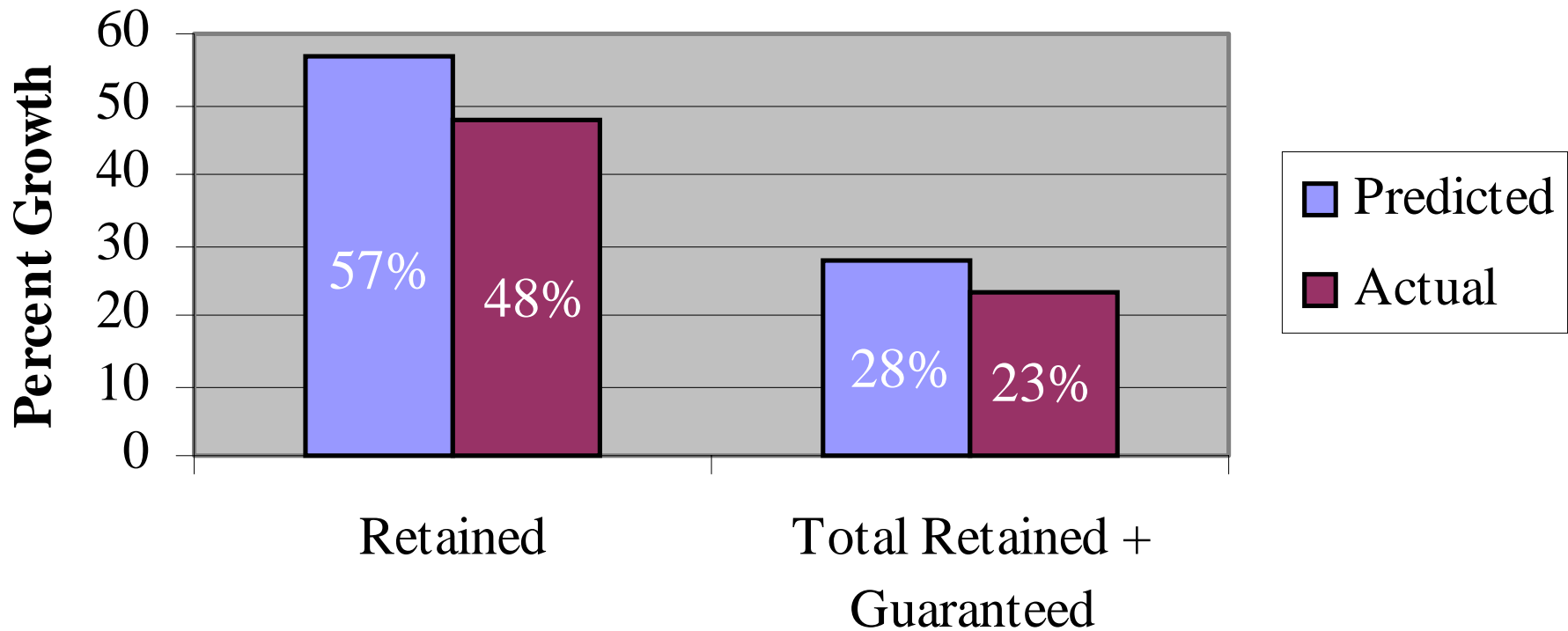
# Mortgage Market Growth



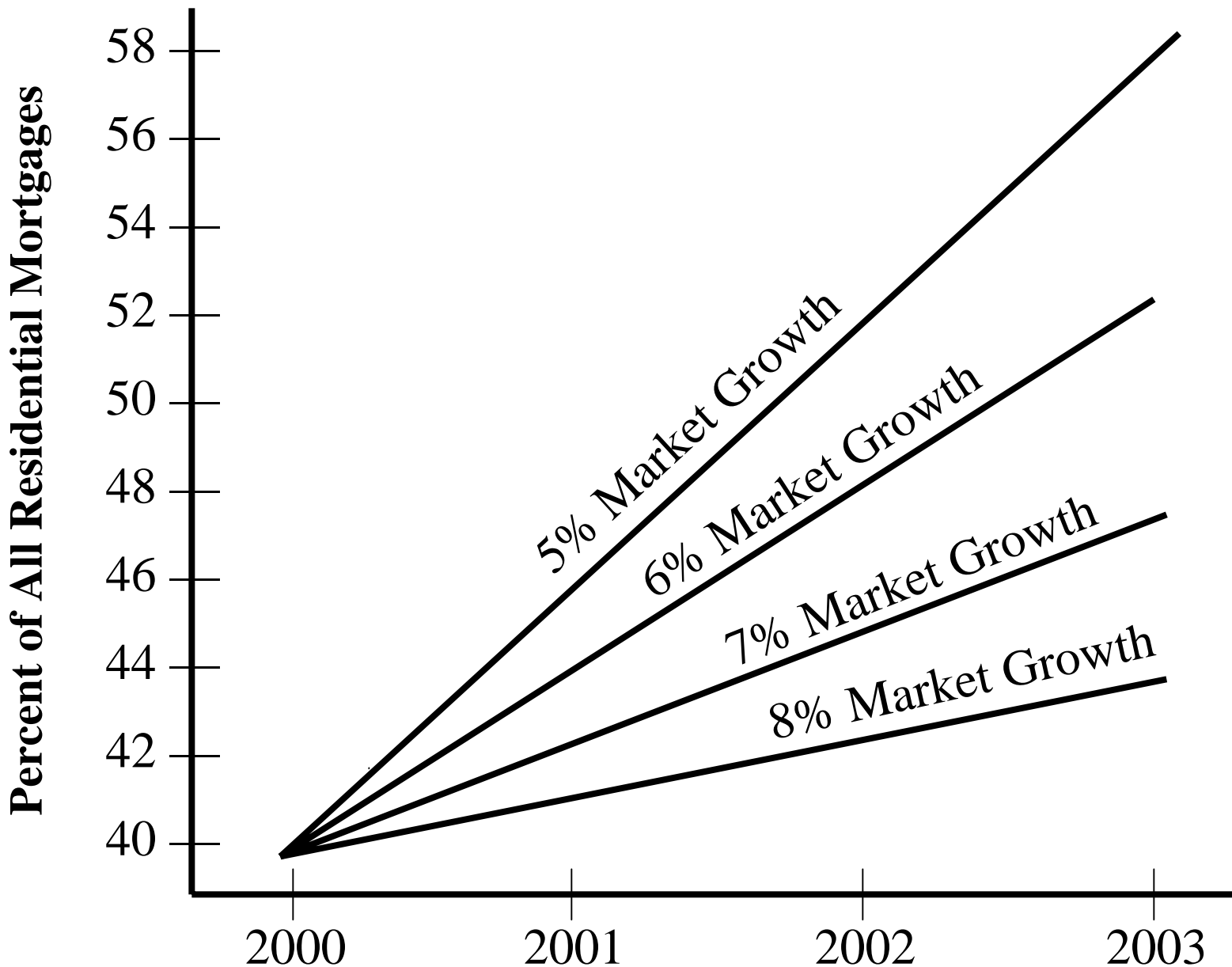
# Fannie: Portfolio Growth 1998-2000



# Fannie & Freddie: Portfolio Growth 1998-2000



# Market Share Targets for Fannie & Freddie to Achieve Earnings Growth of 15% Annually



# Fannie on Track

## Years 2000 and 2003

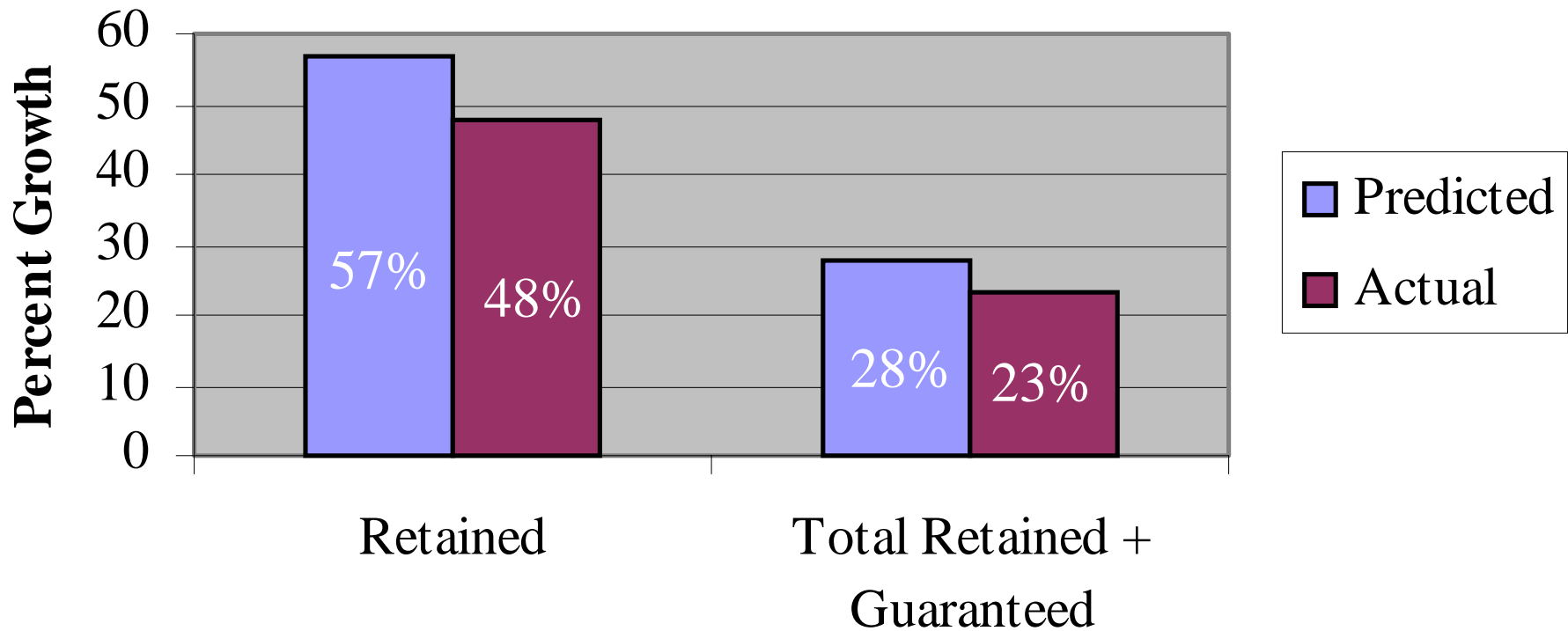
<u>Retained</u>	<u>Percent of Category</u>	
	<u>2000(actual)</u>	<u>2003(projected)</u>
Total Residential	10.8	16.9
Conv/conforming and all other	14.6	21.2
Conv/conforming	20.7	30.6
<u>Retained and Guaranteed</u>		
Total Residential	21.9	28.0
Conv/conforming and all other	29.5	37.3
Conv/conforming	42.0	53.8

# Fannie & Freddie

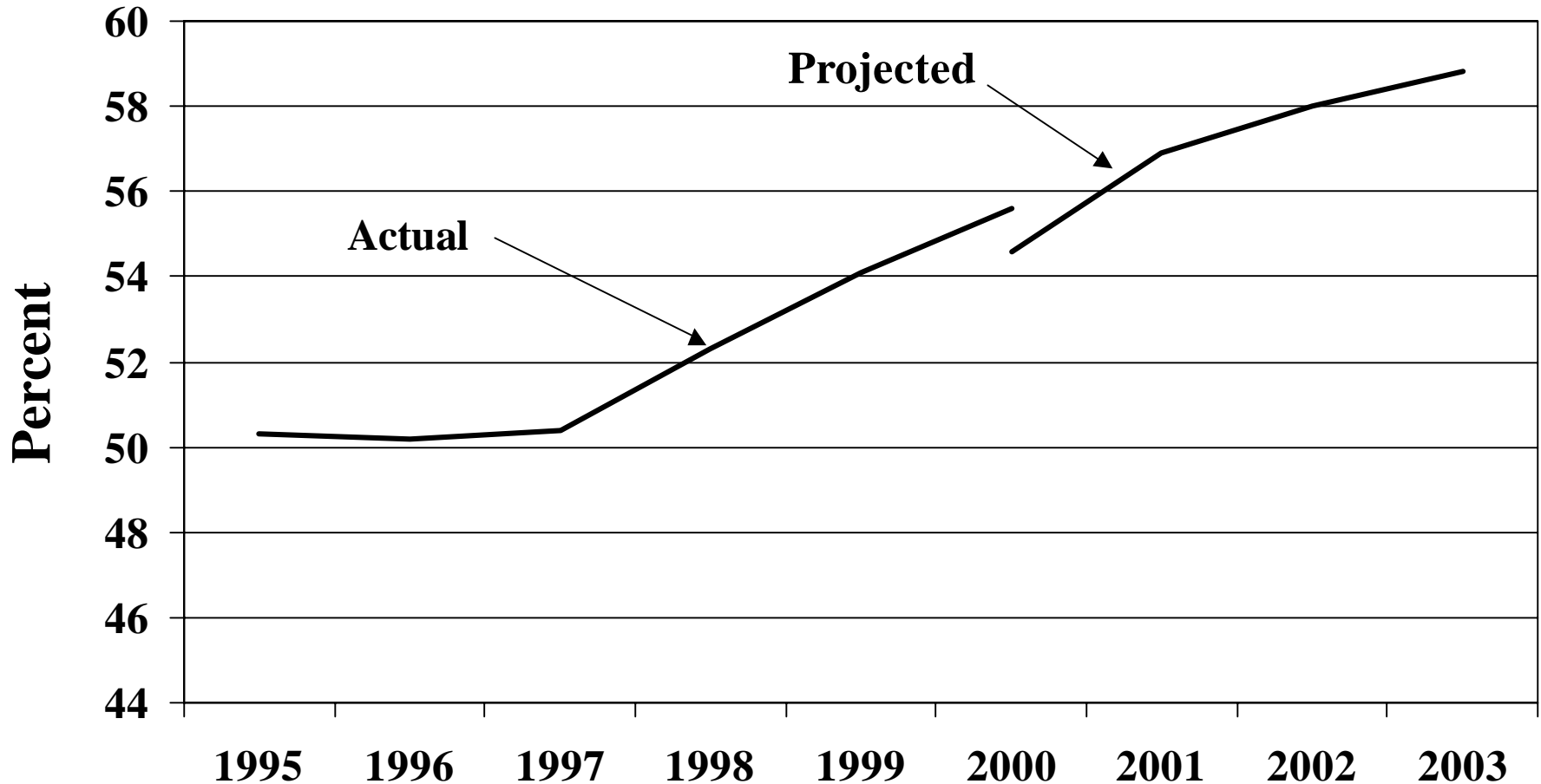
## Years 2000 and 2003

<u>Retained</u>	<u>Percent of Category</u>	
	<u>2000(actual)</u>	<u>2003(projected)</u>
Total Residential	17.7	27.0
Conv/conforming and all other	23.8	35.9
Conv/conforming	33.9	51.9
<u>Retained and Guaranteed</u>		
Total Residential	39.0	47.6
Conv/conforming and all other	52.5	63.3
Conv/conforming	75.0	91.5

# Fannie & Freddie: Portfolio Growth 1998-2000

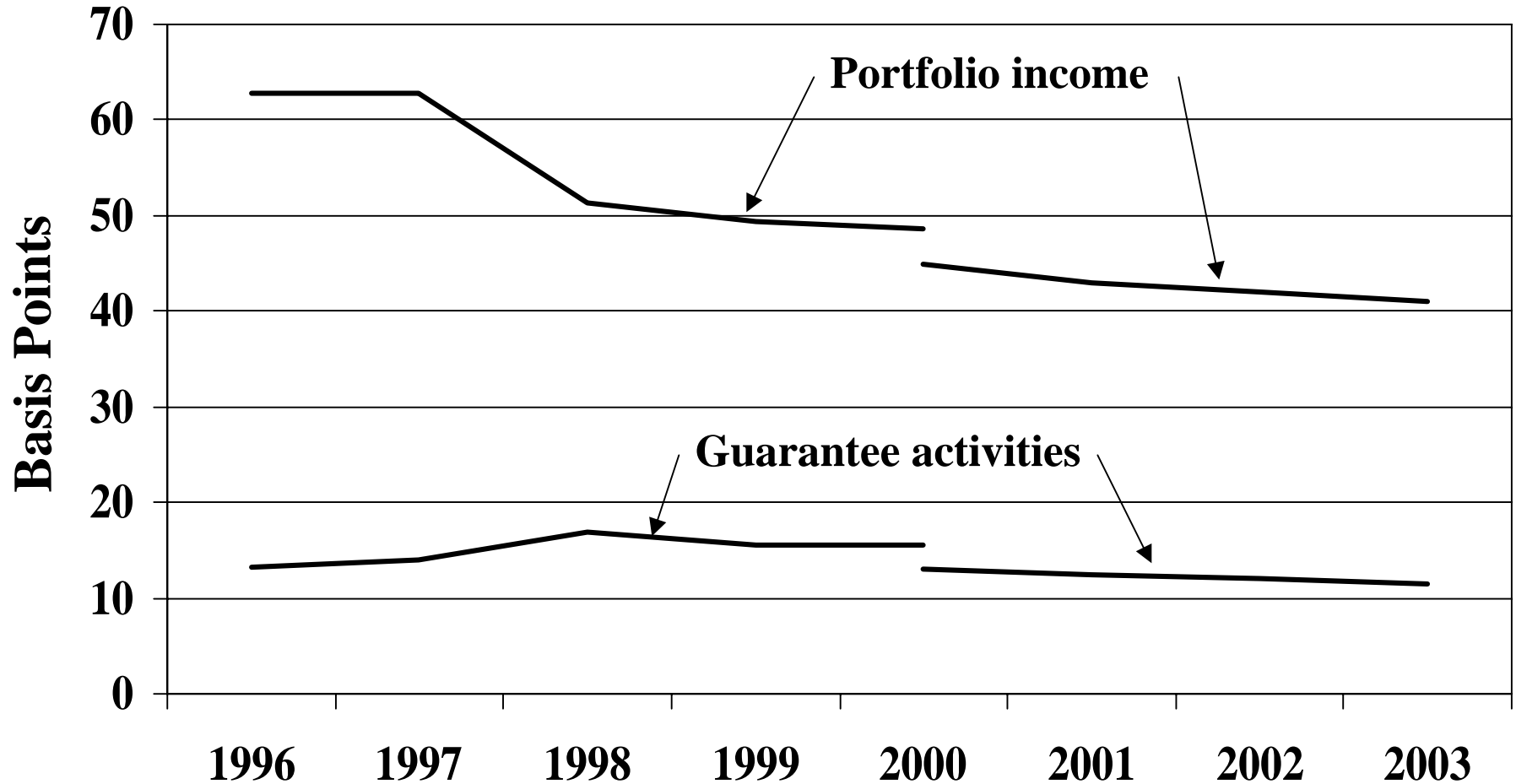


# Residential Mortgage Debt is Climbing as a Percent of GDP



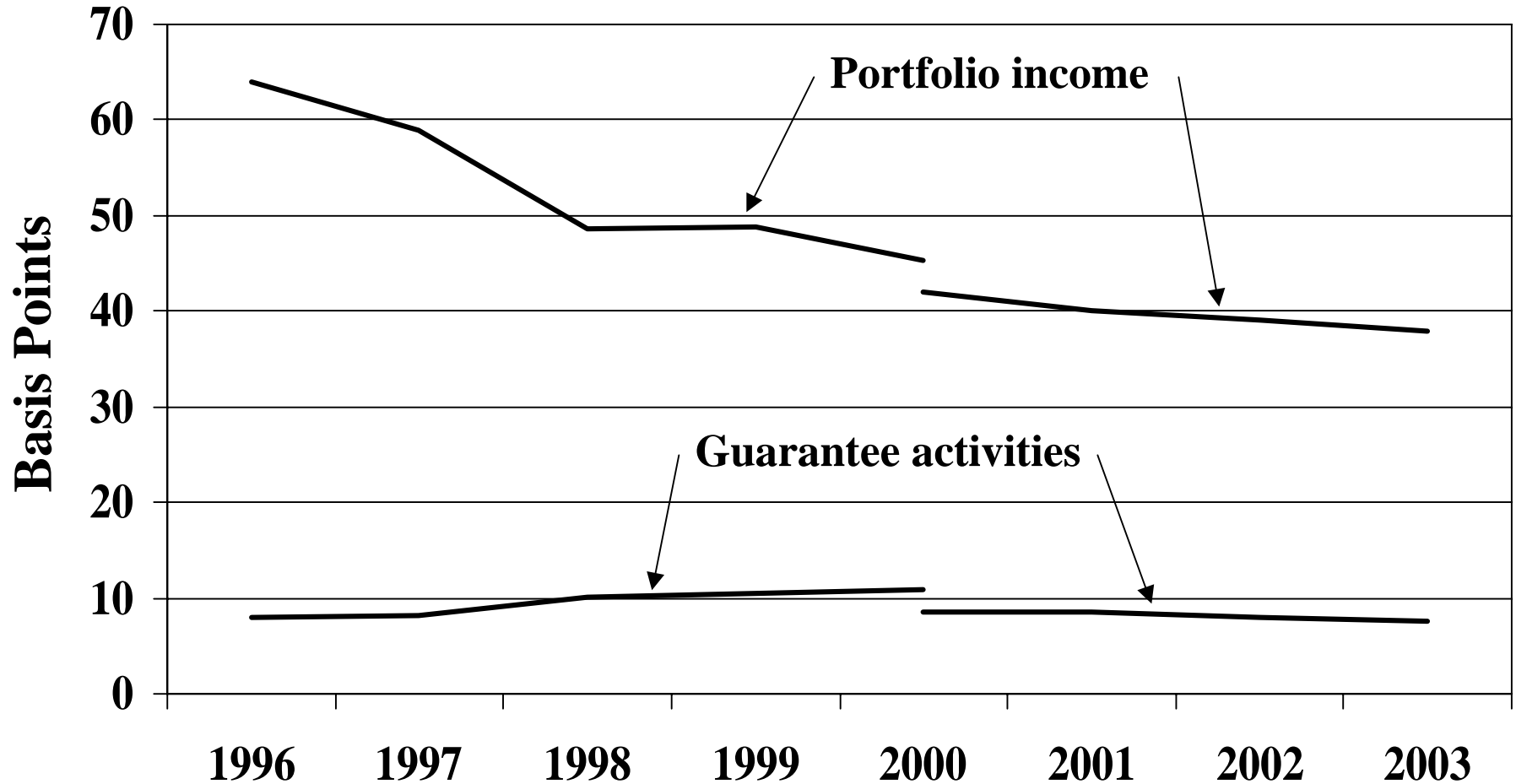
Data from Table 4-1, line 39.

# Fannie's Profitability per Dollar of Mortgage Business Will Decline



Data from Table 6-1, lines 52 and 53.

# Freddie's Profitability per Dollar of Mortgage Business Will Decline, Too



Data from Table 6-1, lines 55 and 56.

# Fannie and Freddie's Return on Total Equity Capital Will Decline as Margins Get Squeezed

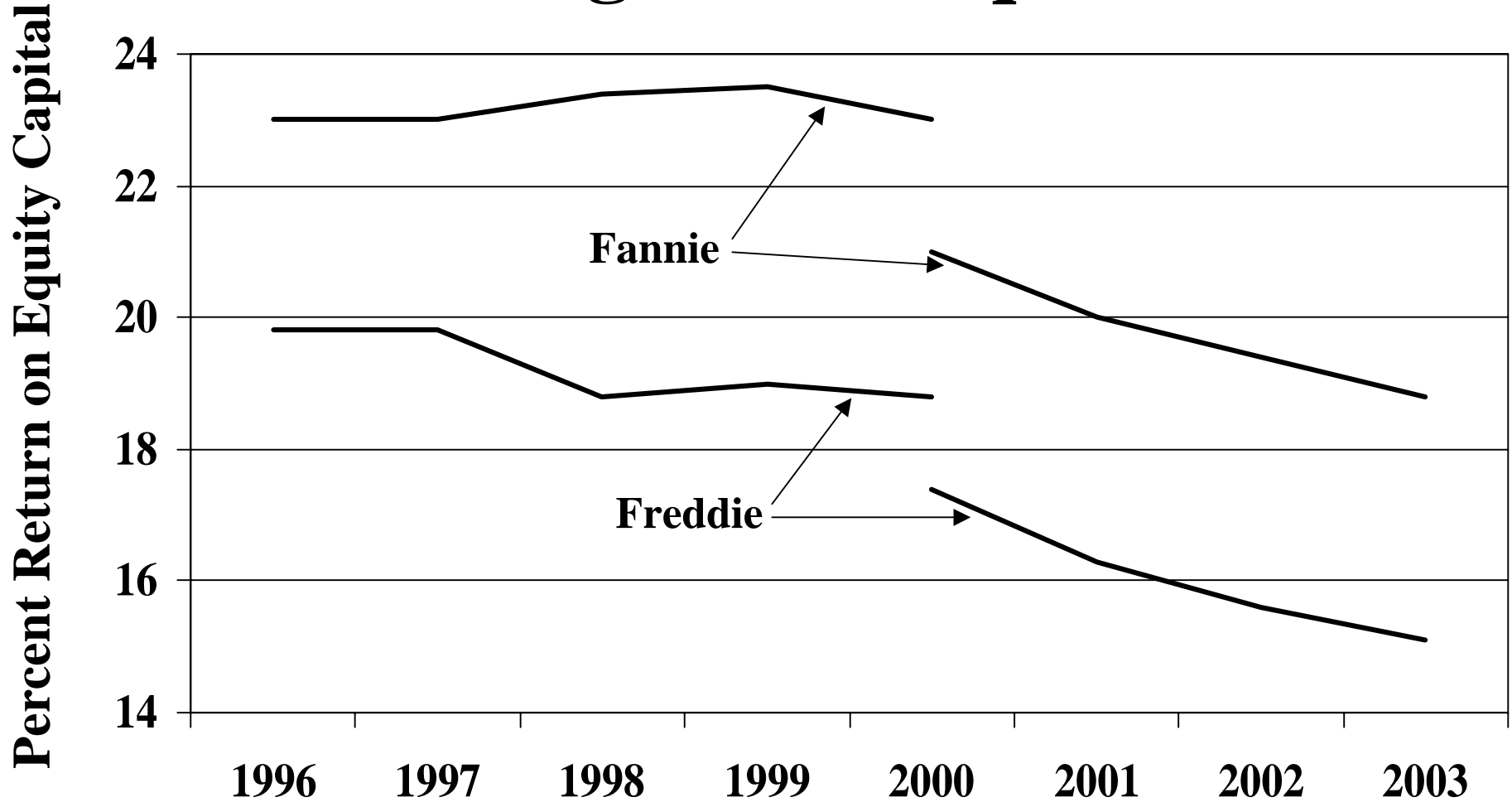
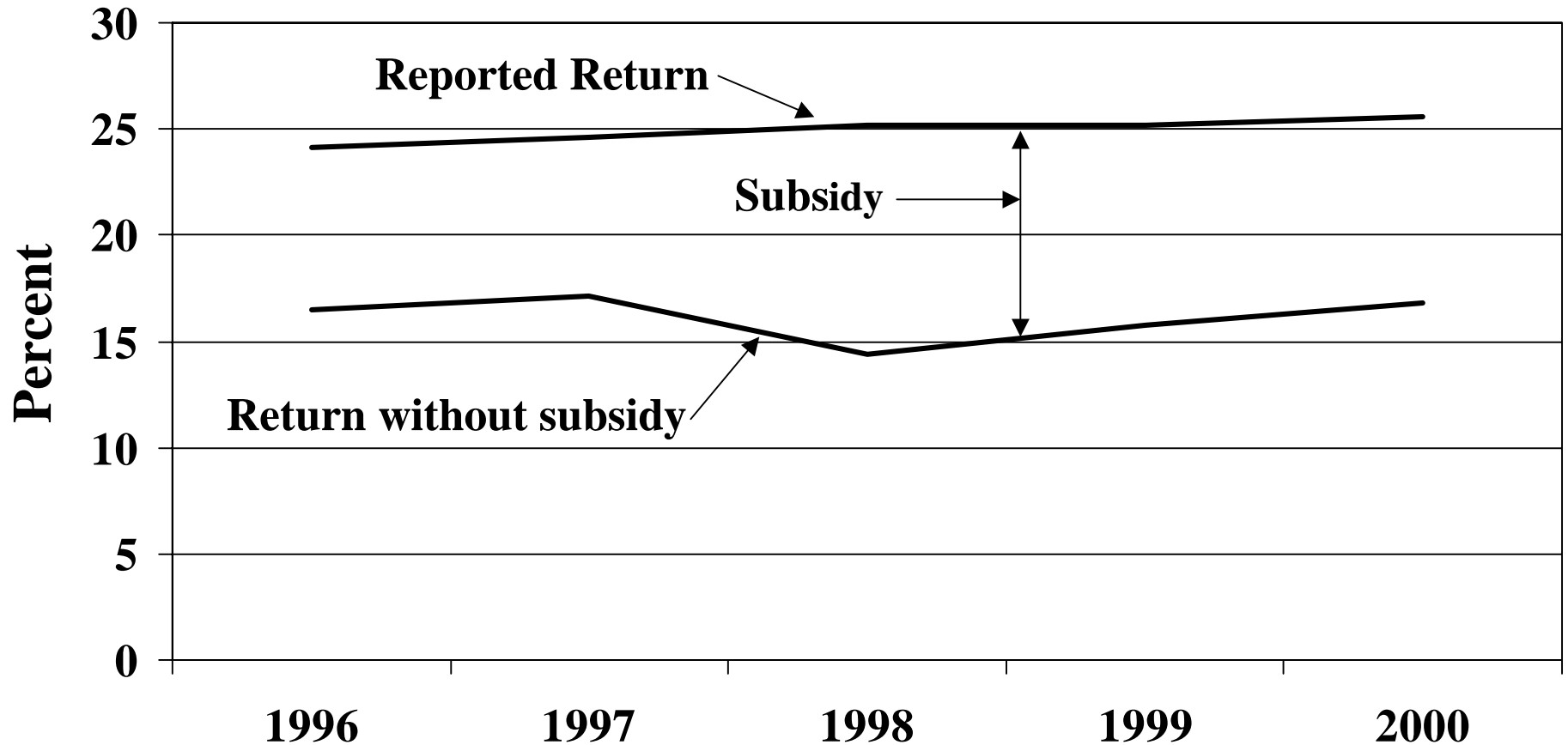


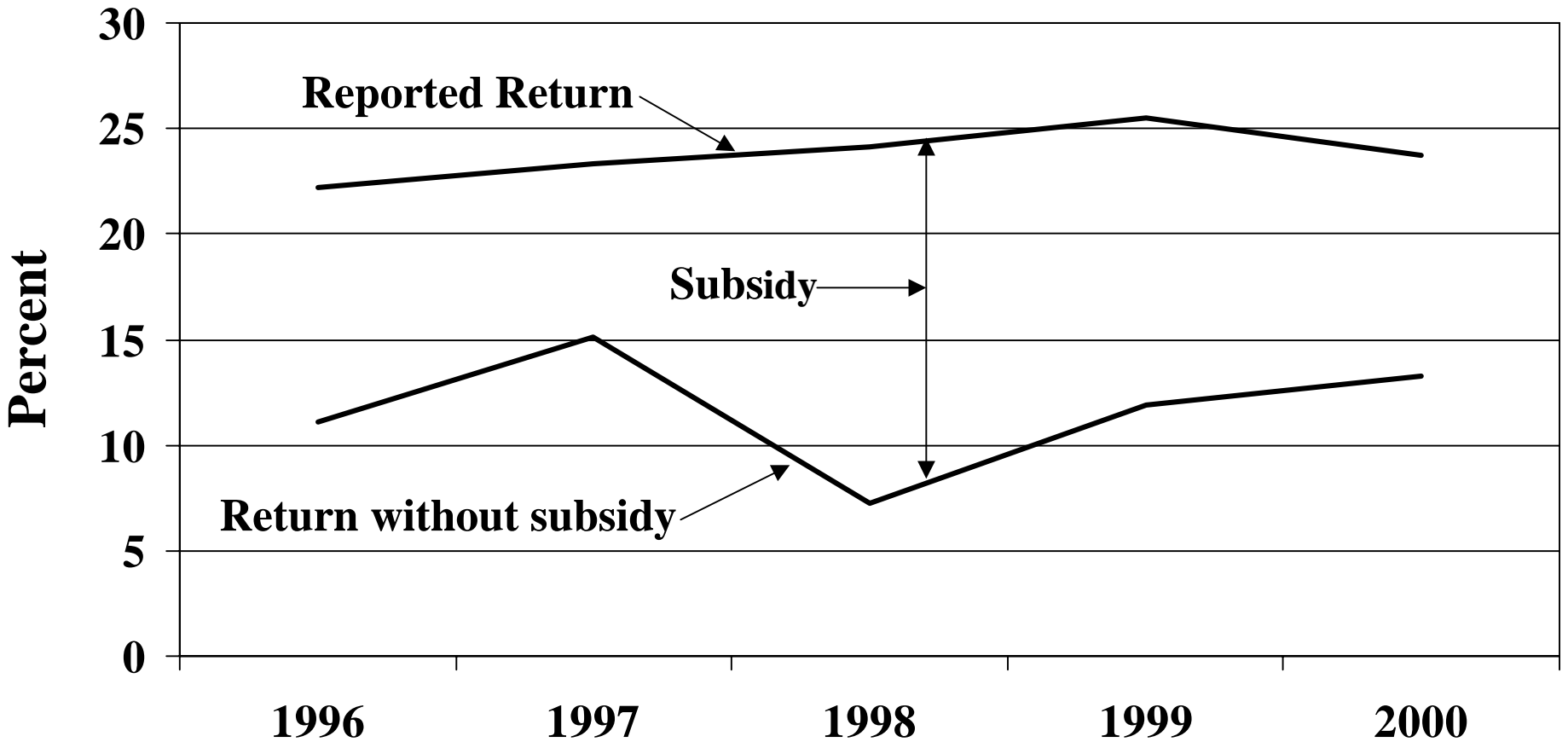
Table 6-3, lines 85 and 100.

# Fannie's Implicit Subsidy Accounts For a Substantial Portion of Its Return on Common Equity



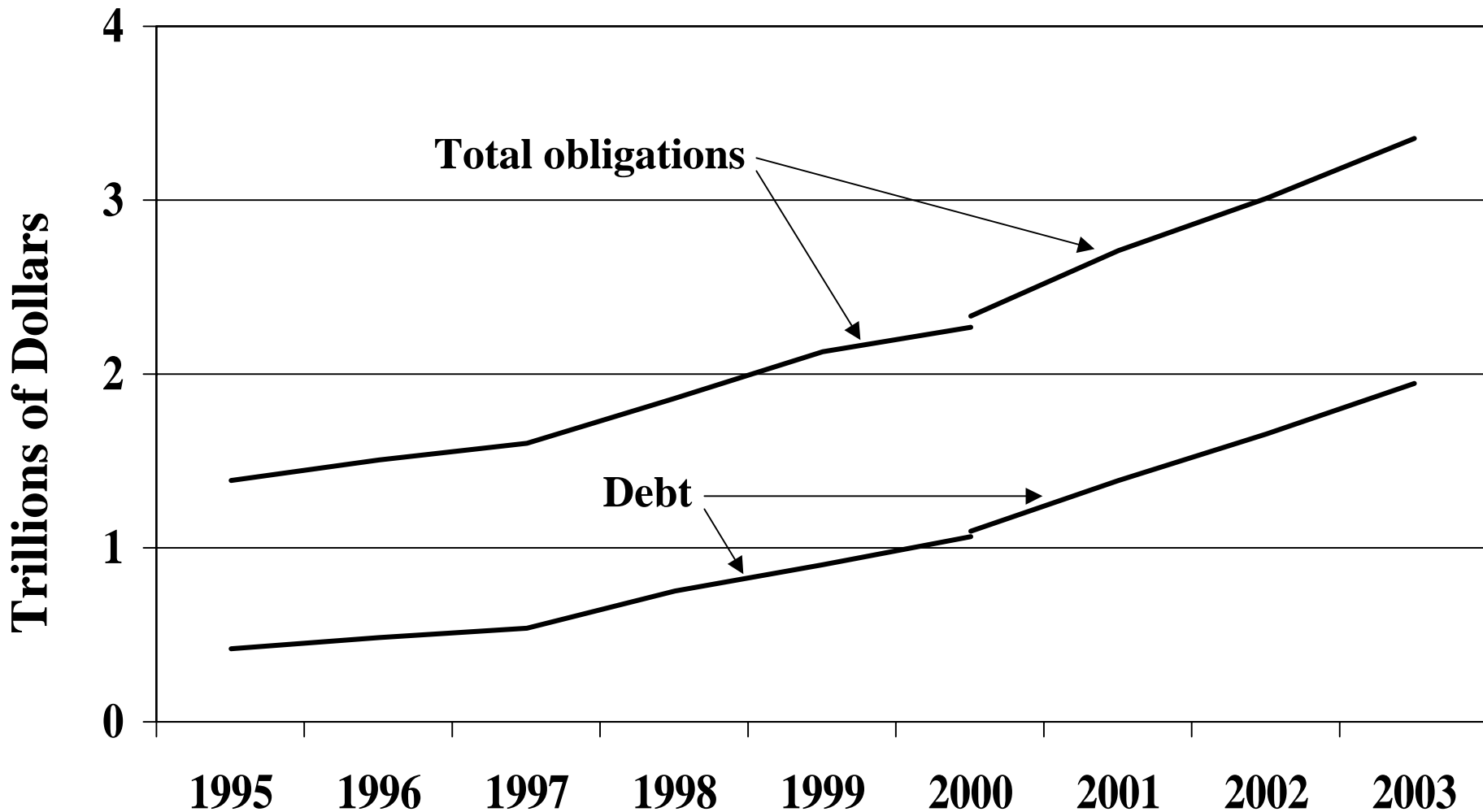
Data from Fannie's annual report; May 2001 CBO report.

# Freddie's Implicit Subsidy Accounts For a Substantial Portion of Its Return on Common Equity



Data from Freddie's annual report; May 2001 CBO report.

# Fannie and Freddie's Total Debt and Obligations Keep Growing



Data from Table 6-4, line 105, plus Table 3-2 (line 23 – line 20).