MORTGAGE MARKETS
AND
THE ENTERPRISES
IN 2007

July 2008

Preface

This Office of Federal Housing Enterprise Oversight (OFHEO) research paper reviews developments in the housing sector and the primary and secondary mortgage markets, the secondary market activities of Fannie Mae and Freddie Mac, and the financial performance of the Enterprises in 2007. An appendix provides tables with historical data on the activities and performance of the Enterprises, federally-established loan limits, mortgage interest rates, housing activity, and regional and national home prices, which provide a context for the survey of recent activity provided in the paper. The paper is part of OFHEO's ongoing effort to enhance public understanding of the nation's housing finance system. The paper was prepared by Andrew Leventis, Forrest Pafenberg, Valerie Smith, and Jesse Weiher of the Office of Policy Development and Research. Scott Laughery and Hanna Nguyen provided research assistance.

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Director

July 2008

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MORTGAGE MARKETS AND THE ENTERPRISES IN 2007

SUMMARY

The year 2007 will likely go down as one of the most challenging in the history of the nation's housing and mortgage markets. Declining house prices, a weak housing sector, and continued deterioration of the performance of subprime mortgages led to a virtual collapse in the prices of securities backed by subprime and Alt-A loans. The resulting losses at many financial institutions and heightened uncertainty led to reduced liquidity and a repricing of risk in mortgage and broader financial markets, a widening in credit spreads, and a flight to more secure forms of investments such as Treasury and government-sponsored enterprise (GSE) securities. Despite Federal Reserve System actions to boost market liquidity, those developments diminished mortgage market activity in the second half of the year. For the year, single-family mortgage originations fell 18 percent from 2006, with most of the decline due to a cessation of subprime and Alt-A lending in the second half. The drop in originations lowered issuance of mortgage-backed securities (MBS) by nine percent, but the share of total single-family MBS issued by Fannie Mae and Freddie Mac ("the Enterprises") rose to nearly 62 percent.

The market turmoil in the second half of 2007 caused the credit quality of the on- and off-balance sheet mortgage assets of Fannie Mae and Freddie Mac to deteriorate and their mortgage investments to lose value. As a result, the Enterprises incurred much higher credit losses and had to increase their loan loss reserves significantly in anticipation of further losses. For the year, Fannie Mae and Freddie Mac reported combined losses of $11.1 billion on a pre-tax and $5.1 billion on an after-tax basis. On a fair value basis, their performance was much worse. Faced with declining capital levels and rising funding costs, both Enterprises tapped the preferred stock market, raising significant capital in the second half of the year, and took other measures to enhance and maintain their capital positions. Despite those challenges, Fannie Mae and Freddie Mac played a key role in providing liquidity and stability to the secondary mortgage market through their securitization activities and by purchasing mortgage assets shunned by many traditional market players. Both Enterprises were classified as adequately capitalized at the end of each quarter of 2007.

HOUSING AND MORTGAGE MARKET DEVELOPMENTS

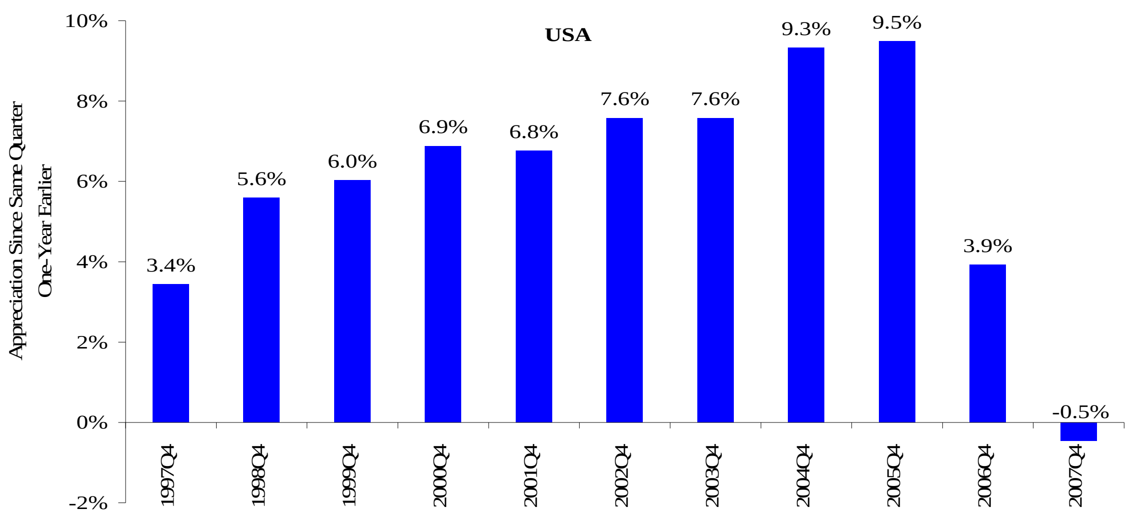
The house price boom of 2001 through 2005 was fueled by rapid growth in subprime, Alt-A, and other non-traditional mortgage lending. As typically occurs in a credit boom, that expansion of credit was accompanied by a steady deterioration of underwriting standards that continued after house price growth slowed in late 2005 and 2006. In 2007, prices decelerated dramatically, and markets anticipated significant further price weakening. Single-family mortgage delinquencies and home foreclosures increased, and home sales fell from levels at the height of the boom. Growing investor awareness of the extent of poor underwriting in subprime lending led to a virtual collapse of the primary and secondary markets for subprime, Alt-A, and non-traditional mortgages, which contributed to disruptions in broader financial markets and sharp declines in single-family mortgage originations and MBS issuance. Interest rate movements and the market turmoil affected the mix of mortgages originated.

House Prices Weaken Significantly

The vast price increases of the housing boom that peaked in 2005 had diminished home affordability and made residential real estate less attractive to investors. As a result, housing demand fell and the supply of homes available for sale increased, dampening appreciation rates in 2006 and 2007. Tightening credit policies and turmoil in the mortgage markets in the second half of 2007 caused the slowdown in price appreciation to become more pronounced. Notably, that sharper deceleration occurred without any significant weakness in the broader economy.

According to OFHEO's purchase-only house price index (HPI), which omits refinancings that are based on appraisals, the four-quarter change price in U.S. house prices was -0.5 percent between the fourth quarters of 2006 and 2007. By contrast, for the prior four-quarter period (ending in the fourth quarter of 2006), prices had grown 4.0 percent. The latter value, in turn, was less than half the growth rate in the prior two years (Figure 1).

Figure 1
House Price Appreciation Over Previous Four Quarters
(Purchase-Only Index)



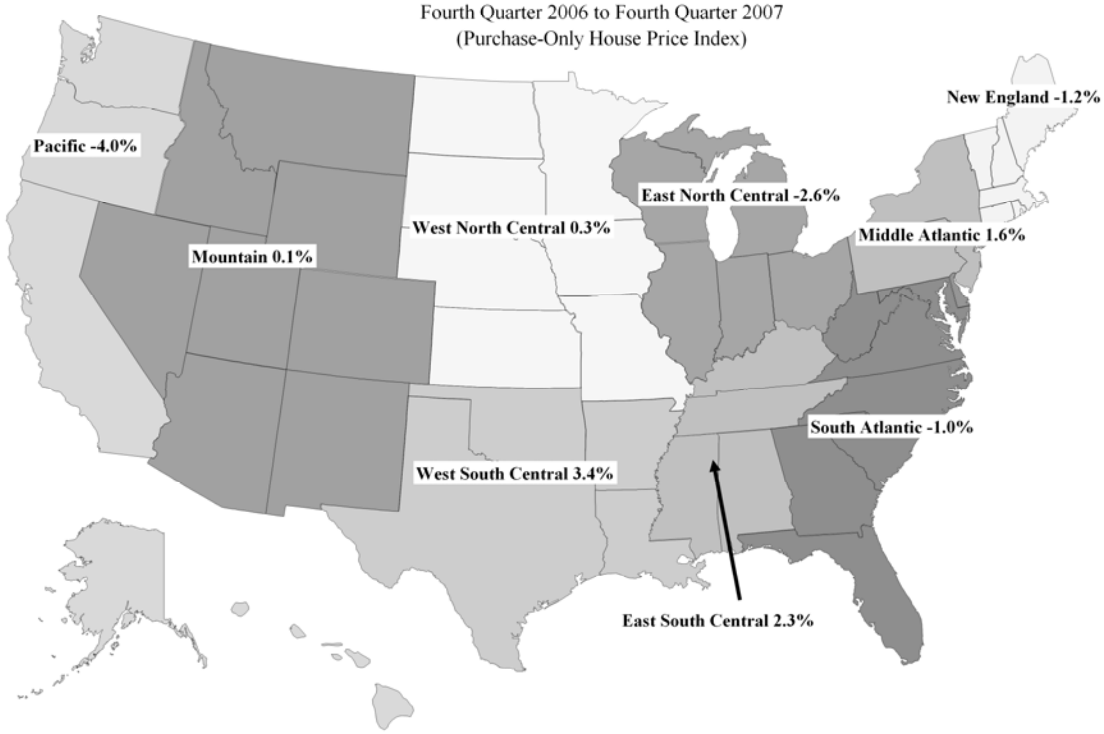
Source: OFHEO

The severity of the slowdown varied sharply across geographic areas, with greater weakness generally evident in California, Florida, Nevada, and parts of the Midwest and residual strength along the Gulf Coast. Across Census Divisions (regional collections of states), vast differences existed in observed price changes between the fourth quarters of 2006 and 2007 (Figure 2). According to OFHEO's purchase-only HPI, prices in the Pacific and East North Central Divisions, the worst performing divisions, fell by 4.0 percent and 2.6 percent, respectively. The 4.0 percent price decline in the Pacific

Division, which represented over a ten percentage point change from the prior four-quarter period (when prices rose 6.1 percent), was primarily driven by deteriorating conditions in California. Prices fell in that state about 12.5 percent in the four quarters ending in the fourth quarter of 2007, versus a decrease of only 1.5 percent in the prior four-quarter interval.

The West South Central and East South Central Census Divisions, the areas with the strongest house prices in 2006, managed only small price gains of 3.4 percent and 2.3 percent, respectively, last year. Those growth rates were 3.1 and 4.0 percentage points, respectively, below the rates exhibited in the prior four-quarter period. Even the states with the strongest 2007 prices had appreciation rates significantly below those observed in 2006. Utah, the state with the greatest price run-up in 2007 according to OFHEO's purchase-only price index, experienced price appreciation of 6.3 percent, down from 17.1 percent in the prior year.

Figure 2
One-Year Change in House Prices by Census Division
Fourth Quarter 2006 to Fourth Quarter 2007
(Purchase-Only House Price Index)



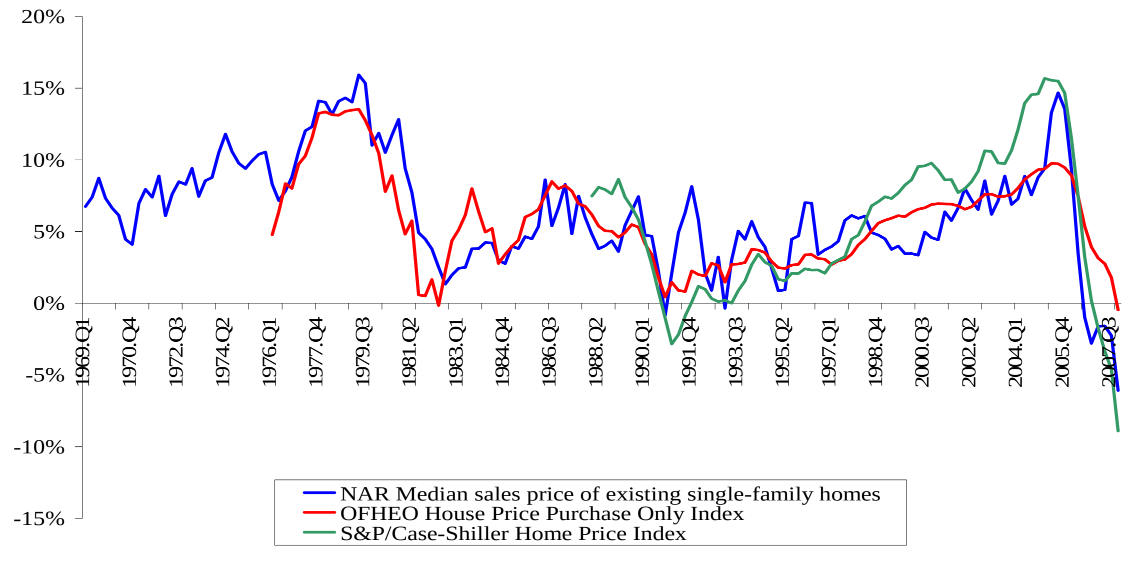
Source: OFHEO

Alternative Measures Evidence Varying Rates of House Price Deceleration

Although the price declines measured by OFHEO's HPI were quite large, OFHEO's indexes generally estimated much smaller price declines than were measured by other house price metrics. For the U.S. as a whole, price declines were much greater when measured by the National Association of Realtors' (NAR's) median price series and the

S&P/Case-Shiller National Home Price Index. According to those series, prices fell 6.1 percent and 8.9 percent, respectively, in the four-quarters ending in the fourth quarter of 2007, a far cry from the 0.5 percent decline measured by OFHEO's purchase-only index (Figure 3). The divergence between the measured price trends was not as severe for the four quarters ending in the fourth quarter of 2006, when OFHEO's index measured a national price increase of 3.9 percent and the other two measures estimated price changes of +0.2 percent (S&P/Case-Shiller) and -2.8 percent (NAR median prices).

Figure 3
Four-Quarter Percent Change in House Prices



Source: OFHEO based on data from National Association of Realtors, S&P/Case-Shiller

That the OFHEO series measured a more muted price decline in 2007 than the S&P/Case-Shiller index is perhaps not surprising; during the height of the real estate boom, the S&P/Case-Shiller index consistently estimated appreciation rates that were several percentage points higher than the OFHEO index measured. Irrespective of the house price measure used, it is clear that market conditions weakened significantly in 2007. That deterioration was accompanied by steadily more pessimistic expectations about future price movements (Box A).

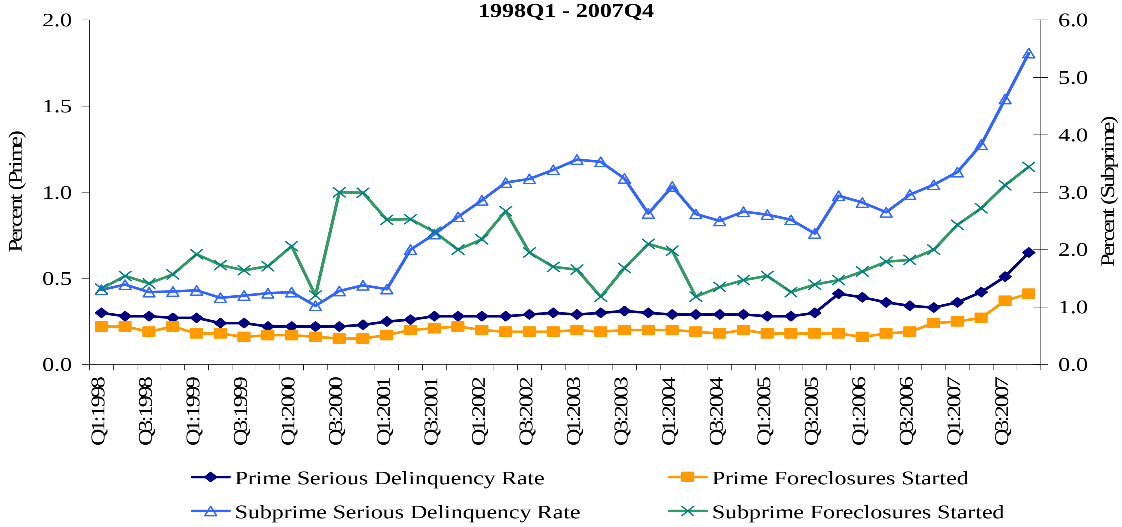
Loan Delinquencies and Foreclosure Activity Rise

As home prices fell in 2007, single-family mortgage delinquencies and home foreclosures jumped dramatically. Indeed, delinquency and foreclosure rates accelerated throughout the year, particularly in areas where price declines were significant. In the fourth quarter of 2007, 1.48 percent of single-family mortgages were seriously delinquent (90 days or more past due) or in foreclosure. That rate was more than 50 percent higher than the rate of 0.96 percent reported in the same quarter one year earlier. Deterioration in the performance of subprime loans was the primary driver of the worsening performance of the whole market. The serious delinquency rate for subprime mortgages increased from 3.13 percent in the fourth quarter of 2006 to 5.42 percent four quarters later, while the serious delinquency rate for prime loans rose from 0.33 percent to 0.65 percent in that period (Figure 4).

The share of all loans entering foreclosure increased almost 30 basis points over the course of 2007. Whereas 0.54 percent of mortgages entered the foreclosure process in the fourth quarter of 2006, 0.83 percent started the process in the final quarter of 2007, nearly double the rate in the final quarter of 2005. As with delinquencies, the performance of subprime mortgages drove the overall market. Subprime loans entering the foreclosure process jumped from two percent in the fourth quarter of 2006 to 3.44 percent four quarters later, while the share of prime mortgages entering foreclosure rose from 0.24 percent to 0.41 percent.

While those figures show poor (and deteriorating) performance of single-family mortgages for the U.S. as a whole, conditions in a number of states were markedly worse than the national experience. According to data from the Mortgage Bankers Association, foreclosure rates were at historically high levels in Michigan, California, and Florida in the fourth quarter of 2007. The growth rate in foreclosure starts was particularly dramatic in Florida and California.

Figure 4
Mortgages Delinquent and Entering Foreclosure
(Seasonally-Adjusted)
1998Q1 - 2007Q4



Source: Mortgage Bankers Association

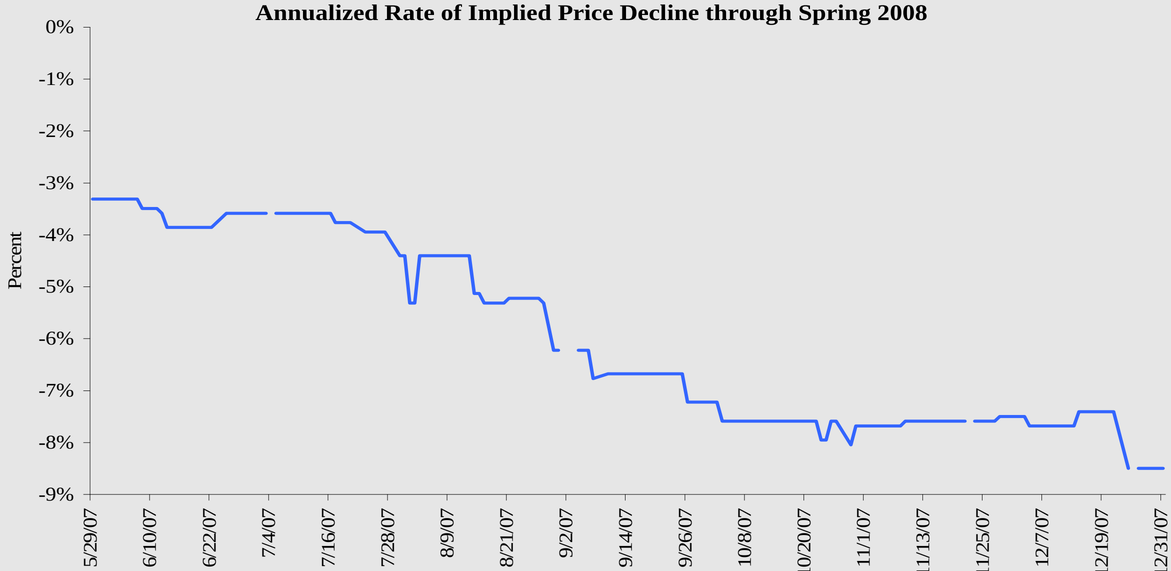
Box A

Markets Increasingly Pessimistic About Future House Price Growth

Futures prices on the Chicago Mercantile Exchange's nascent real estate futures exchange provide an imperfect summary of market expectations of future house price movements. Futures contracts based on the Standard & Poor's/Case-Shiller house price index values were traded on that exchange in 2007 and can be viewed as noisy measurements of sentiment concerning the likely direction of future price movements. Contracts are traded for various cities and index expiration dates. A "Composite-10" index, a weighted average of ten city indexes, provides the closest semblance to a "national" index for the purposes of the futures exchange. Expiration dates and index values are lagged by two months, so that a May 2008 contract is settled based on the index value for March 2008.

Tracking trading prices for the Composite-10 "May 2008" contracts over the course of 2007, one can see that expectations soured during that year (Figure A-1). As measured by the difference between contemporary index values and trading prices for the May 2008 contracts, the annualized rate of expected price decline increased sharply. In June 2007, for example, contract prices suggested that the annualized rate of price decline would be approximately 3 to 4 percent. By October, trading prices suggested an 8 to 9 percent annualized rate of decline. The annualized expected rate of decline was relatively stable in the last three months of the year. In actuality, the Composite-10 index fell 15.3 percent in the 12-month period ending March 31, 2008, a significantly greater rate of decline than futures prices in 2007 had suggested would occur.

Figure A-1
Chicago Mercantile Exchange Real Estate Futures Prices
Annualized Rate of Implied Price Decline through Spring 2008



Note: Graph reports annualized price decline implied by the difference between the most recent index value and the contemporary price for the May 2008 futures contract.

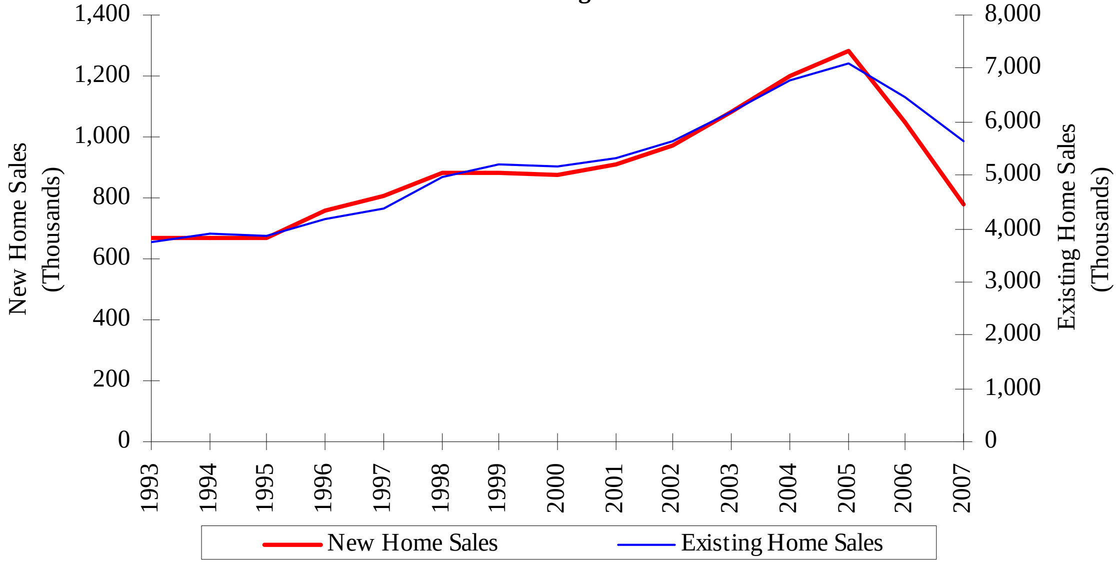
Source: OFHEO based on data from Bloomberg Financial LP and S&P/Case-Shiller

It should be noted that, although some evidence suggests that futures contract prices have had a bias toward predicting excessively large price declines, the *deterioration* in expectations suggested by the futures data are confirmed by other evidence. For example, throughout 2007 there was a steady stream of downward revisions in market observers' forecasts of future house prices.

Home Sales Continue to Decline;
Inventories Rise Further

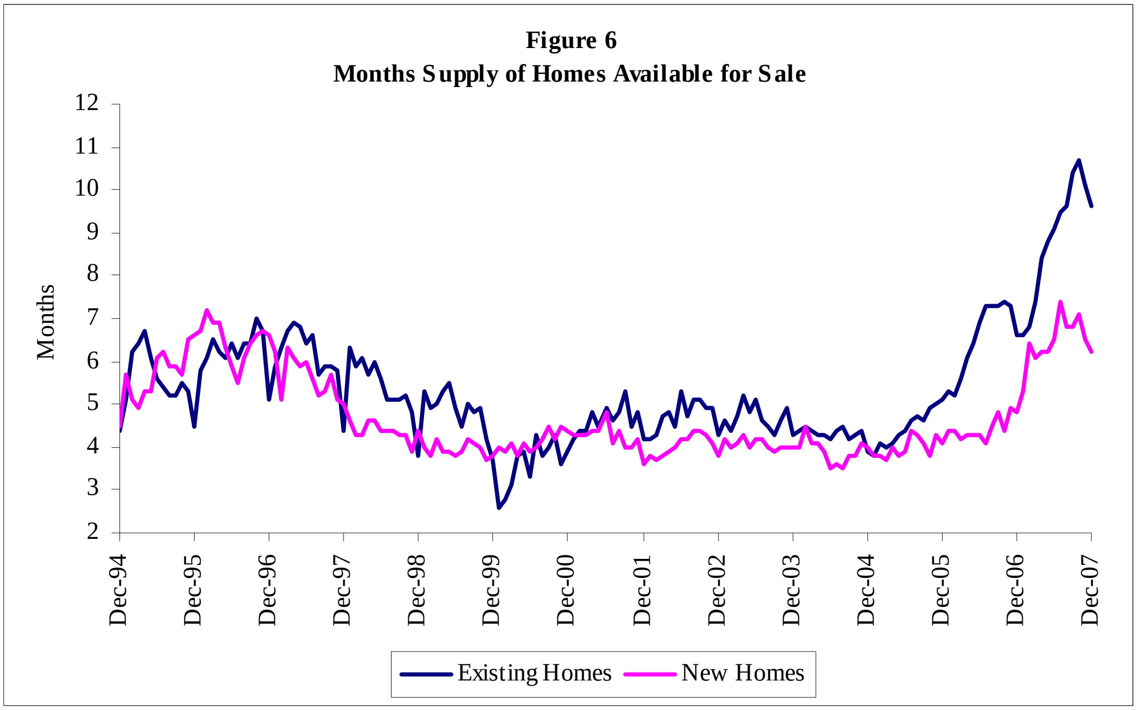
With anemic house price growth and outright price declines in many areas, homebuyers became hesitant in 2007, and home sales slid further from 2005 peaks. Sales of existing and new one-to-four unit properties in 2007 were 5,652,000 and 776,000, respectively, down 13 percent and 26 percent, respectively, from levels in the prior year and 20 percent and 40 percent, respectively, from their 2005 highs (Figure 5). The sales rate for existing homes was at its lowest level since 2001, and the pace of new home sales was lower than it had been since 1997.

Figure 5
New and Existing Home Sales



Source: U.S Bureau of the Census (new home sales) and National Association of Realtors (existing home sales

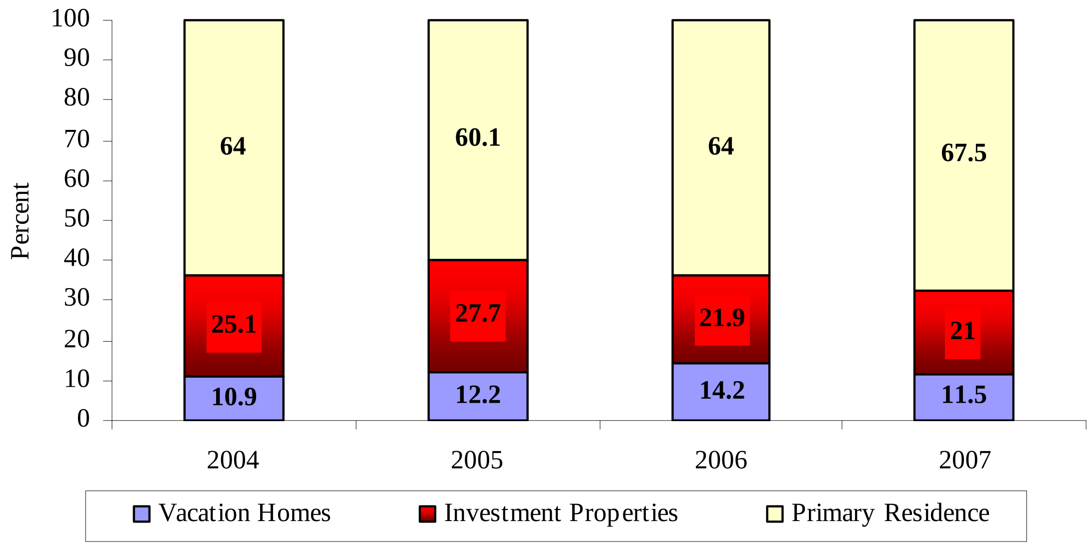
As home sales fell, inventories of properties available for sale (expressed as months of supply of houses on the market at current sales levels) rose above the already-elevated levels of 2006. Housing analysts view a six-month supply of properties available for sale as the historical norm. At the beginning of 2007, between six and seven months of supply was available for sale for both existing and new homes, far above the lows of less than four months at the peak of the housing boom in 2005. By the end of 2007, the supply of both existing and new homes had reached 9.6 months (Figure 6).



Source: National Association of Realtors

Investor interest in real estate speculation diminished in 2007, continuing a downward trend from the 2005 peak of the boom. Based on annual survey data collected by the National Association of Realtors, 21 percent of homes purchased in 2007 were investment properties, about one percentage point below the share in 2006 and 6.7 percentage points below the 2005 high (Figure 7). Speculative interest diminished as the large price increases of the early part of the decade continued in fewer areas and home inventories began to mount. Financially constrained speculators were forced to sell their properties, further adding to inventory levels and putting additional downward pressure on home prices.

Figure 7
Home Sales by Intended Use

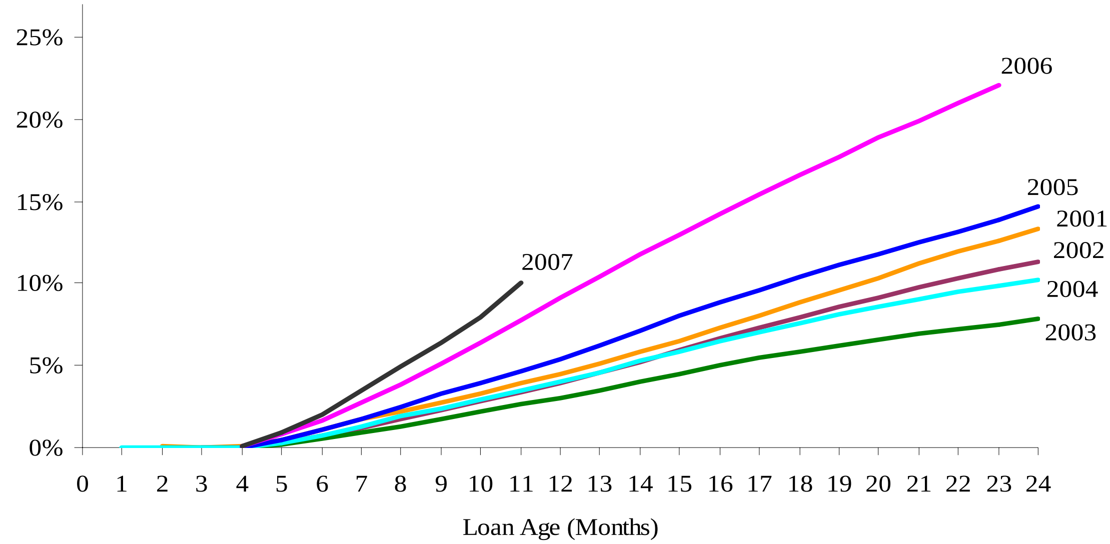


Source: National Association of Realtors

Turmoil in the Secondary Market Erupts in July

In 2007 investors became increasingly aware of significant problems in the performance of subprime and Alt-A mortgages. Of particular concern were recently originated subprime loans. According to data from First American LoanPerformance, of all fixed-rate and 2-year hybrid adjustable-rate (2/28) subprime mortgages originated in 2007 and subsequently securitized, 10 percent were seriously delinquent or in foreclosure within 12 months of origination (Figure 8). That rate compares to 7.8 percent for similar mortgages originated in 2006 and 4.7 percent for those originated in 2005.

Figure 8
Share of Subprime Mortgages Seriously Delinquent or in Foreclosure, Origination Years 2001 - 2007



Note: Reflects 30-year fixed-rate and 2/28 hybrid adjustable-rate mortgages with borrower credit scores at origination of less than 660.
Source: OFHEO based on data from First American LoanPerformance

In June 2007, credit rating agencies began to reconsider the ratings of private-label MBS (PLS)[1] backed by subprime mortgages and collateralized debt obligations (CDOs)[2] exposed to such securities. In response, financial markets began to reassess the market value of mortgage-related securities. Falling prices for subprime PLS and CDOs collateralized by them quickly began to impose large market-value losses on investors. In mid-August there was a broad, global reduction in the supply of credit for securities backed by subprime mortgages. Uncertainty about the decline in value of subprime collateral backing specific PLS and CDOs led liquidity in the markets for those securities to become extremely scarce overnight.

The market's concerns about the performance of subprime mortgages were reflected in the prices of related credit derivatives in 2007. The prices of ABX indexes[3] on subprime

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[1] A private-label MBS carries no guarantee by Fannie Mae, Freddie Mac, or the Government National Mortgage Association (Ginnie Mae) and is collateralized by a pool of conventional single-family mortgages with balances that are too large for the Enterprises to buy (jumbo loans), single-family mortgages to borrowers that have credit problems of varying degrees of severity or provide little documentation, home equity loans, or multifamily mortgages.

[2] A CDO is a corporate entity constructed to hold a portfolio of fixed-income assets, often asset-backed securities, and sell rights to the cash flows from those assets, and the associated risks, to investors. The credit risk of the collateral is allocated among different tranches; senior tranches (rated triple A), mezzanine tranches (double A to double BB), and equity tranches (unrated). Losses are applied in reverse order of seniority, so that junior tranches offer higher coupon rates to compensate for higher risk.

[3] The ABX indices are based on portfolios of credit default swaps (CDS) on selected tranches of PLS backed by subprime mortgages. (For a discussion of CDS, see Box B on page 44). Each ABX index is

PLS tranches that carried the lowest investment-grade rating (triple B) fell steadily through much of the year, reflecting increasingly pessimistic market expectations of credit losses on those tranches. The prices of ABX indexes on triple A-rated subprime PLS tranches were consistently close to par through June but began to decline steadily in mid-July, reflecting growing market expectations of credit losses on those most senior tranches.

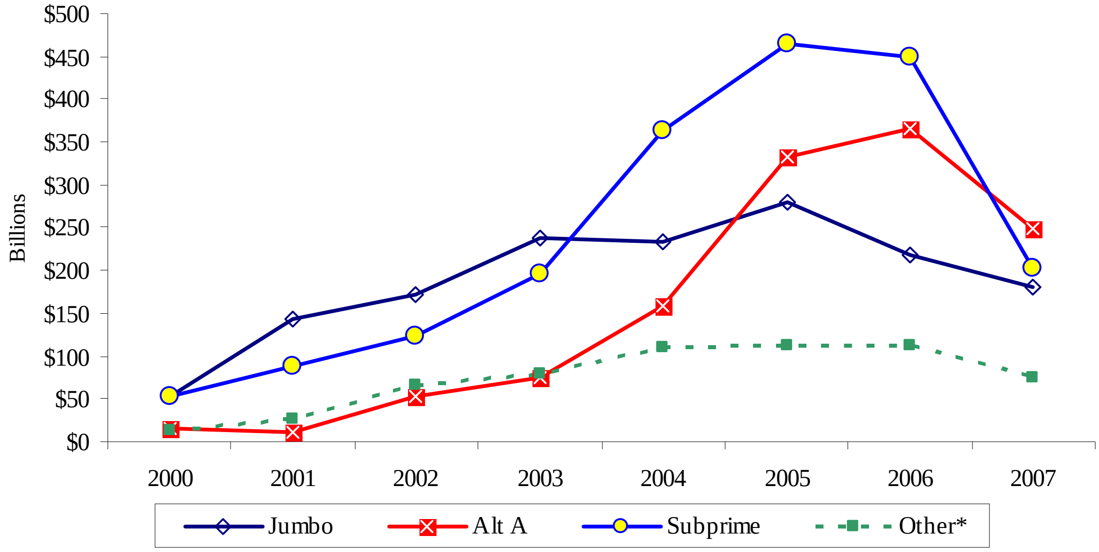
Private-Label MBS Issuance Declines Sharply in Second Half

With investors sharply reducing their purchases of PLS backed by subprime mortgages as of mid-August, only $29.7 billion of those securities were issued in the third quarter of 2007, down 64 percent from already deflated levels for the second quarter. The fourth quarter was worse, with only $11.9 billion of subprime PLS issued. Many major issuers failed to securitize any subprime loans during the third and fourth quarters. For the year, the volume of subprime PLS issuances was $201.5 billion, down 55 percent from $448.6 billion in 2006 (Figure 9).

The fear of exposure to residential mortgage credit risk in the second half of 2007 spilled over into the markets for PLS backed by Alt-A mortgages and jumbo loans—conventional single-family mortgages with balances too large to make them eligible for purchase by Fannie Mae and Freddie Mac. Investors became less willing to invest in any mortgage-related securities not guaranteed by the Enterprises or the Government National Mortgage Association (Ginnie Mae). Only $38.2 billion of Alt-A and $40.3 billion of jumbo PLS were issued in the third quarter of 2007, down 62.2 and 33.5 percent, respectively, from the second quarter of the year. The fourth quarter issuance volumes of Alt-A and jumbo PLS were worse than the third quarter, with only $13.6 billion of Alt-A and $19.3 billion of jumbo PLS sold. For the year, the volume of PLS issuances backed by Alt-A mortgages was $249.6 billion, down 32 percent from $365.7 billion in 2006. Issuance of jumbo PLS totaled $180 billion in 2007, down 18 percent from the $219 billion issued in 2006.

based on a weighted-average of the CDS on tranches from a portfolio of 20 PLS, where each tranche has the same credit rating, e.g., triple-A.

Figure 9
Private-Label MBS Issuance by Sector



*All other MBS issuance includes MBS backed by second-lien mortgages and MBS backed by resecuritized loans from other MBS.

Source: Inside Mortgage Finance Publications

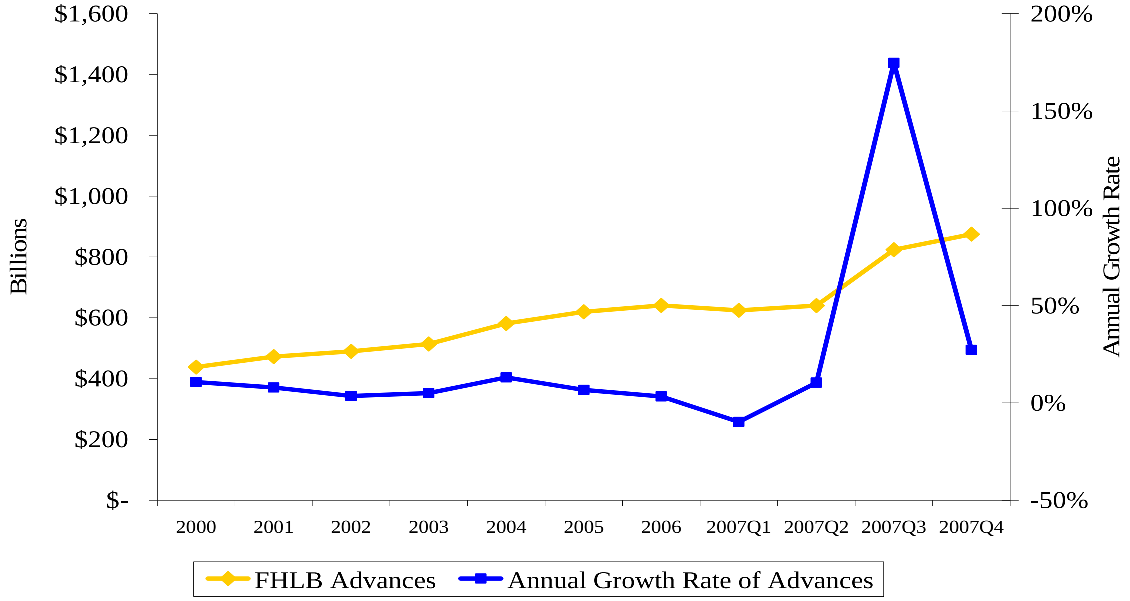
Federal Home Loan Bank Advances Rise Dramatically in Third Quarter

In late July losses incurred by an asset-backed commercial paper (ABCP) conduit that held subprime mortgages led investors globally to spurn the ABCP market, forcing financial institutions to scramble to tap bank credit lines and seek alternative sources of funding. That development led to a sharp increase in outstanding Federal Home Loan Bank (FHLB) System advances (a form of collateralized lending). FHLB advances grew by approximately 50 percent in the third quarter of 2007 at an annual growth rate that was almost 17 times larger than the annual growth rate in the previous quarter (Figure 10). That growth increased the concentration of advances among member institutions. According to the FHLB System's Combined Financial Reports, the top 10 FHLB members (in terms of advances) held 40 percent of all advances at the end of the third quarter of 2007, up from 34.9 percent at the end of the second quarter.

Interest Rates Respond to Market Conditions and Federal Reserve System Actions

Interest rates movements in 2007 responded to conditions in housing and mortgage markets as well as Federal Reserve System ("the Fed") actions to support market liquidity. Through mid-2007, the Fed maintained its target for the federal funds rate at 5.25 percent, the level reached in July 2006 after a three-year period in which the Fed had steadily raised that target from a low of one percent in February 2001. By August of 2007, turmoil in the secondary mortgage market and related losses incurred by financial institutions had led to sizable increases in interest rates on overnight loans between banks and raised the possibility of a liquidity crisis in money markets. In response, the Fed and other central banks took aggressive steps to bolster financial market liquidity. The Fed cut the federal funds target rate by 50 basis points in mid-September and by another 50 basis points in the last quarter of the year.

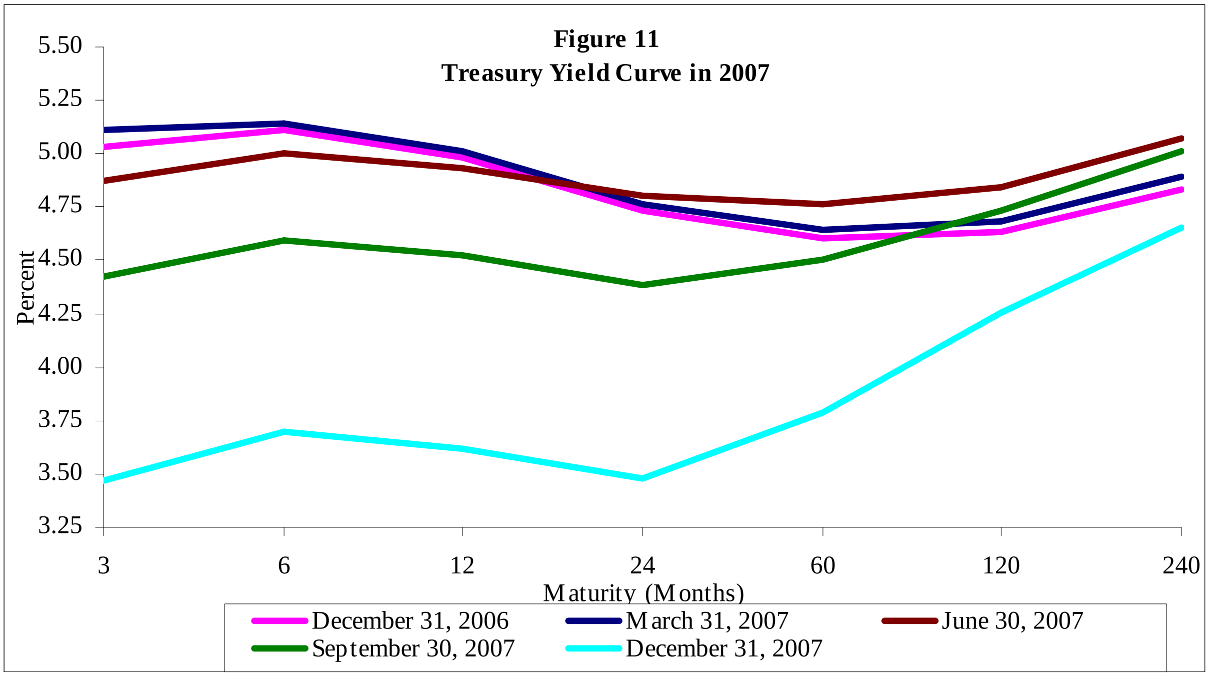
Figure 10
FHLB Advances 2000 - 2007Q4



Source: Federal Home Loan Banks Office of Finance

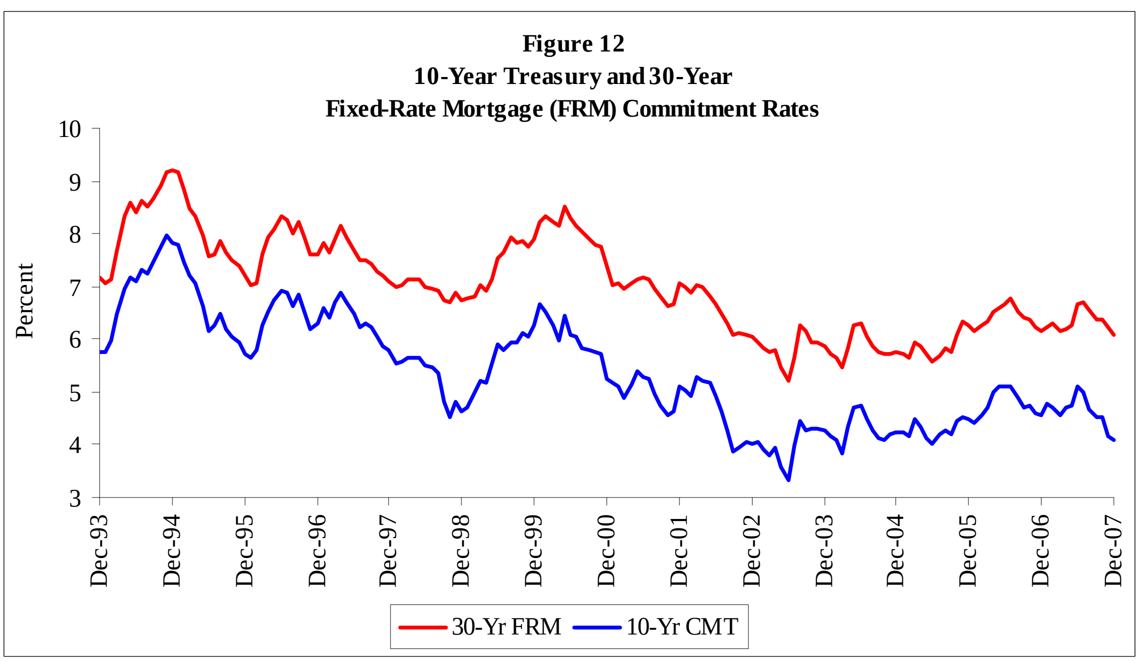
Broader interest rates responded to the Fed's actions, and the Treasury yield curve shifted significantly downward and became much steeper in that quarter (Figure 11). By the end of 2007, the yield on the 1-year Constant Maturity Treasury (CMT) was 3.62 percent, 137 basis points lower than at year-end 2006. The yield on the 10-year CMT was 4.26 percent at the end of 2007, down 37 basis points from the end of 2006.

Interest rates on 30-year fixed-rate mortgages (FRMs) generally track the 10-year CMT very closely. Commitment rates on 30-year FRMs rose 56 basis points in the first seven months of 2007, dropped 60 basis points from July through December, and ended the year at roughly the same level at which they started (Figure 12). The decline in mortgage rates in the second half of the year was not quite as large as the drop in the 10-year CMT, which fell by 90 basis points, indicating that investors perceived increasing risk in long-term mortgages. For the year, the commitment rate on 30-year FRMs averaged 6.34 percent, down slightly from 6.41 percent in 2006.



Source: Board of Governors of the Federal Reserve System

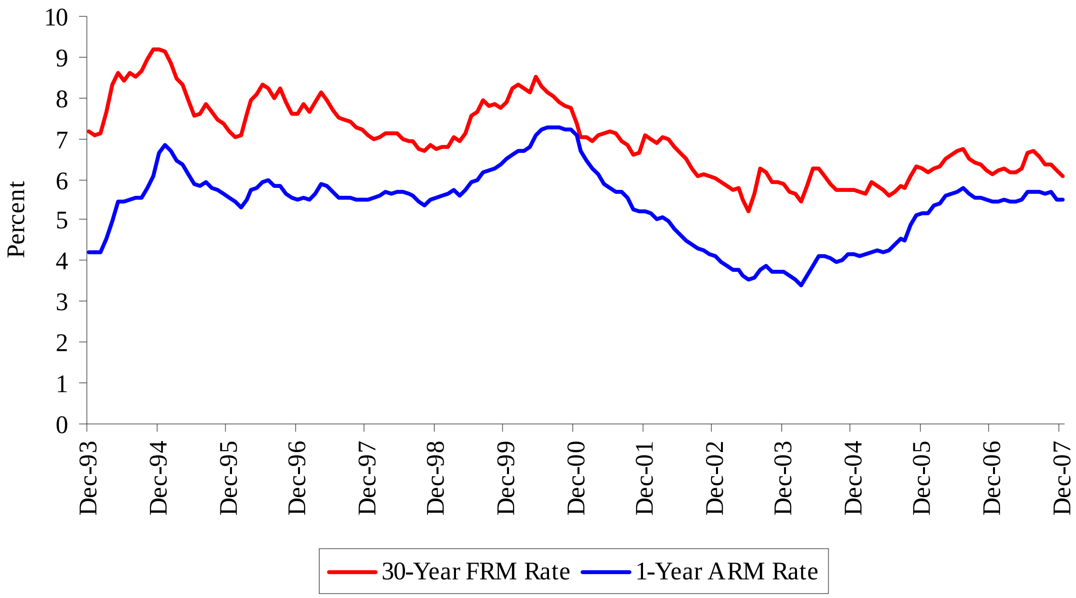
From January through July of 2007, the spread between commitment rates on 30-year FRMs and 1-year adjustable rate mortgages (ARMs) widened by 23 basis points (Figure 13). However, after the market turmoil commenced in August, the FRM-ARM spread narrowed by 39 basis points, reflecting a larger decline in FRM commitment rates in the second half of the year.



Source: Freddie Mac Primary Mortgage Market Survey

Despite the decline in interest rates in the second half of 2007, by the end of the year the housing sector threatened to lead the broader economy into recession. The effects of the housing contraction spread through the economy more broadly by the fourth quarter, when growth slowed sharply. However, the economy as a whole expanded 2.5 percent for the year, little changed from growth of 2.6 percent in 2006.

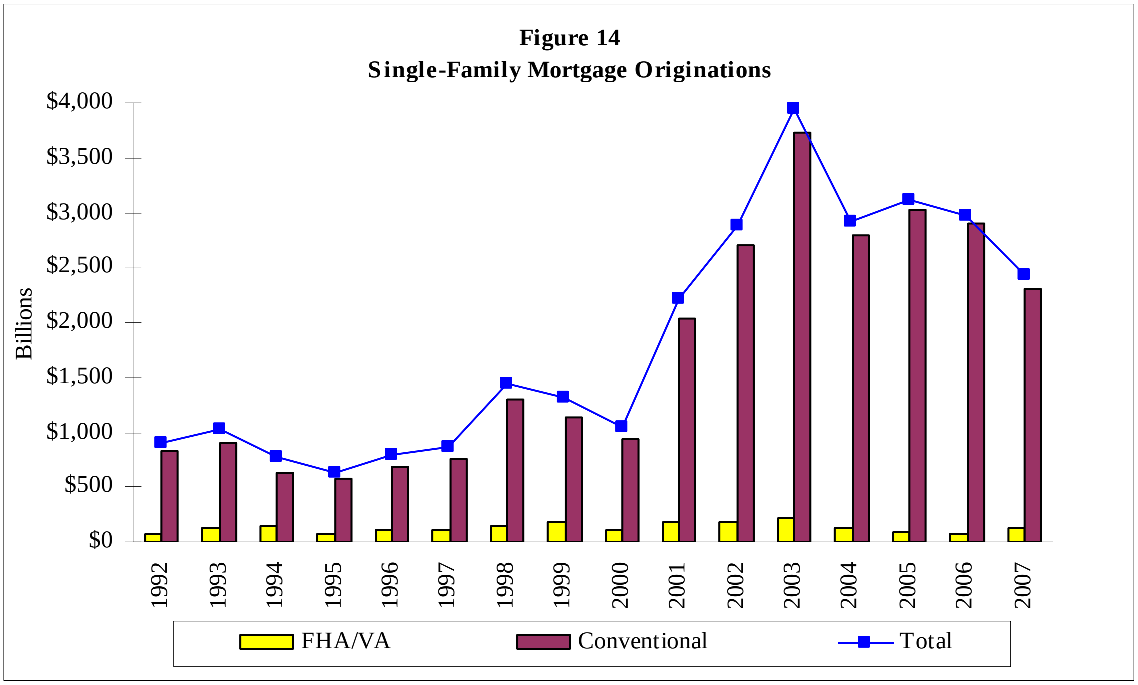
Figure 13
Commitment Rates on Single-Family Mortgages



Source: Freddie Mac Primary Mortgage Market Survey

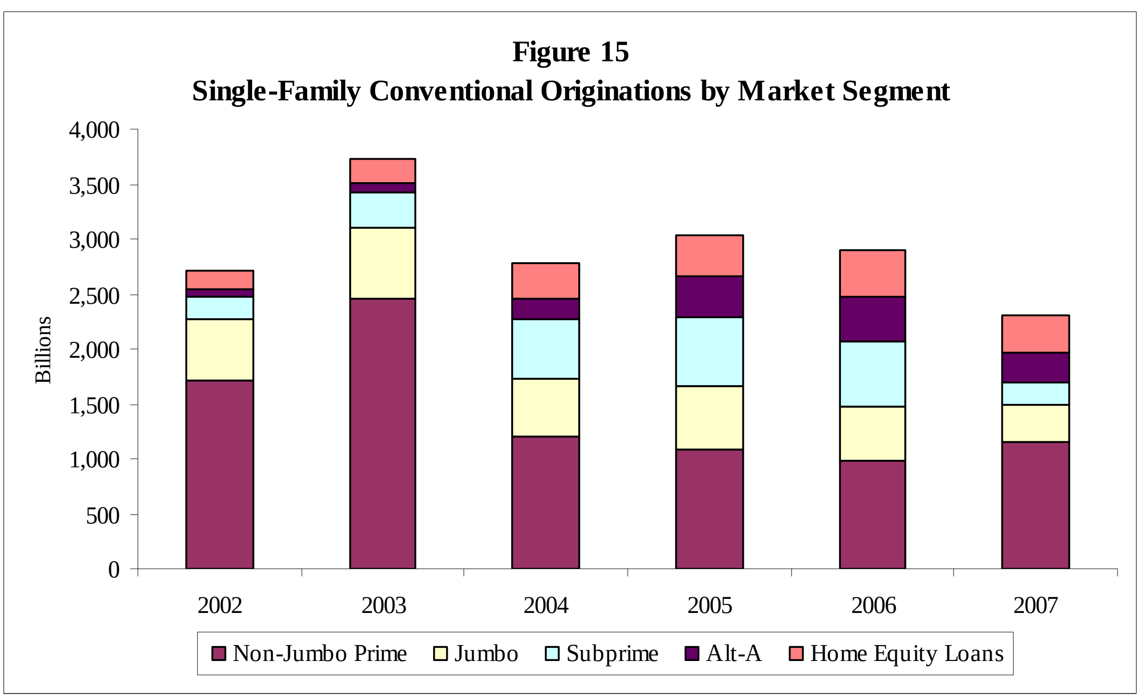
Mortgage Originations Fall

Declining house prices, a weakening housing sector, turmoil in the secondary mortgage market, and slower growth late in the year caused a significant decline in single-family mortgage originations in 2007. For the year, single-family lending totaled $2.43 trillion, down 18 percent from $2.98 trillion in 2006 (Figure 14). Originations of conventional loans—those that carry no government insurance or guarantee—fell 20 percent from $2.90 trillion in 2006 to $2.31 trillion in 2007. From the third quarter of 2005 through the second quarter of 2007, rising mortgage rates and a weakening housing market reduced originations $20.7 billion on average per quarter. In conjunction with the collapse of the secondary market for PLS backed by subprime and Alt-A mortgages, conventional originations fell by $160 billion in the third quarter of 2007 and by $120 billion in the fourth. Originations of mortgages insured by the Federal Housing Administration (FHA) and guaranteed by the Department of Veterans Affairs (VA) totaled $120 billion for the year, a 50 percent increase over the $80 billion originated in 2006.



Source: Inside Mortgage Finance Publications

The decline in originations in the second half of 2007 resulted almost entirely from the sharp drop in subprime and Alt-A lending. Subprime and Alt-A originations totaled $466 billion in 2007, less than one-half the $1 trillion in 2006 (Figure 15). The second half of 2007 also brought a sharp decline in originations of jumbo mortgages. For the year, jumbo lending totaled $347 billion, down 28 percent from a total of $480 billion in 2006.



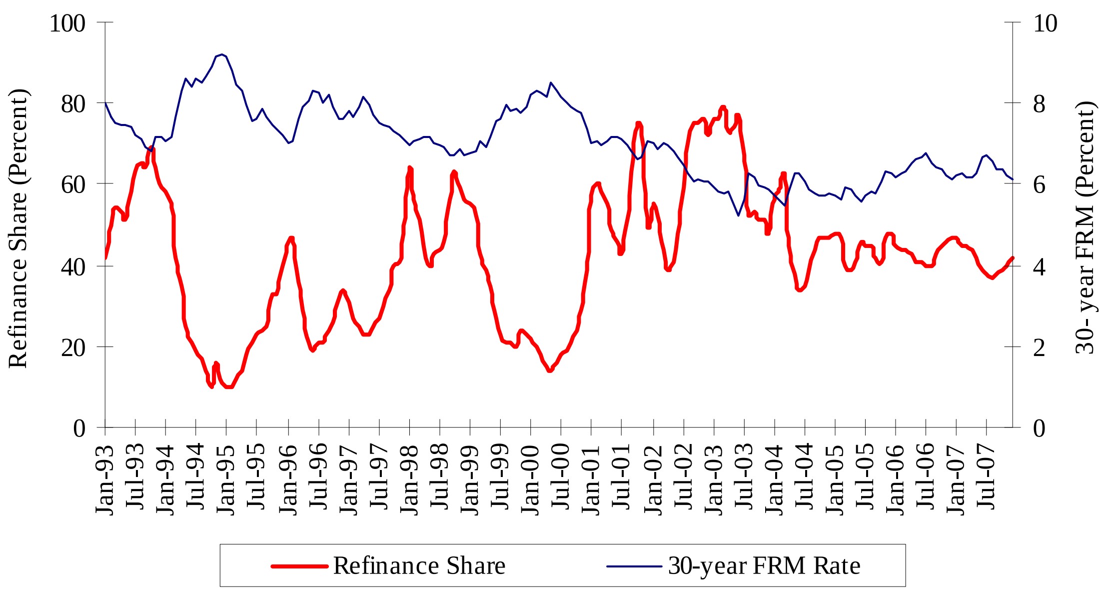
Source: Inside Mortgage Finance Publications

The credit performance of jumbo mortgages did not deteriorate significantly in 2007. Nonetheless, the collapse of the secondary markets for PLS backed by subprime and Alt-A mortgages reduced the capacity of dealers to purchase and securitize jumbo mortgages and investor demand for PLS backed by jumbo loans. As a result, the spread between the yields of 30-year fixed-rate jumbo and non-jumbo loans increased significantly.

Refinance Share of Single-Family Originations Fluctuates but Ends Year Lower

Changes in mortgage interest rates in 2007 continued to affect the share of single-family mortgages taken out to refinance existing loans. According to Freddie Mac's Primary Mortgage Market Survey (PMMS), in the first three months of the year, refinance mortgages comprised between 45 and 47 percent of the dollar volume of lending. By mid-year, when FRMs rates rose to between 6.6 percent and 6.7 percent, the refinance share fell to 37 from 39 percent. As interest rate declined later in the year, the refinance share rebounded and ended the year at 42 percent (Figure 16). For the year, refinance loans accounted for 41.3 percent of originations, down from 43.3 percent in 2006 and 44.1 percent in 2005.

Figure 16
30-year FRM Rate and Refinance Share



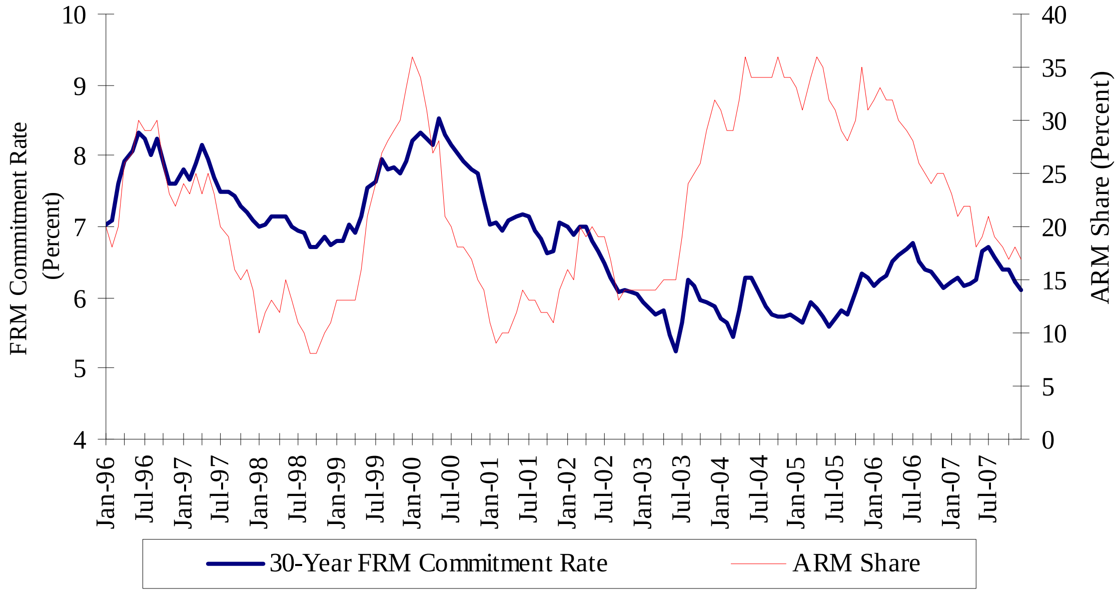
Source: Freddie Mac Primary Mortgage Market Survey

ARMs Lose Favor and Equity Extraction Declines

According to Inside Mortgage Finance Publications, adjustable-rate loans represented 30 percent of all single-family mortgages originated in 2007, down significantly from 45 percent in 2006 and 48 percent the year before. The drop in the ARM share reflected the dramatic decline in originations of subprime loans, most of which carry adjustable rates, and interest-only ARMs, which were curtailed significantly in the second half of the year.

Statistics on conforming conventional loan applications from Freddie Mac's PMMS provide a lower estimate of the ARM share of single-family lending because that survey does not cover the subprime or the jumbo markets, where the majority of mortgages are ARMs. The PMMS indicates that the ARM share of conventional non-jumbo single-family loan applications was 20 percent in 2007, down from 28 percent in 2006 (Figure 17).

Figure 17
ARM Share of Conventional Non-Jumbo Single-Family Loan Applications and Commitment Rates on 30-Year FRMs



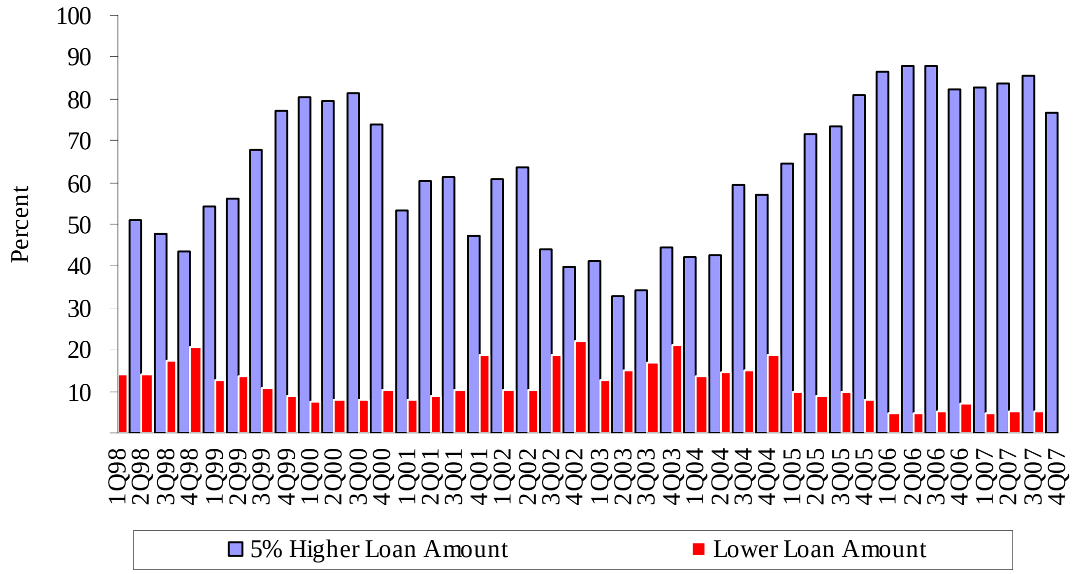
Source: Freddie Mac Primary Mortgage Market Survey

The weakness of home prices led to a decline in home equity extraction in 2007. According to Freddie Mac's PMMS, U.S. homeowners cashed-out approximately $250 billion in home equity with prime, conventional first-lien mortgages, down substantially from $322 billion in 2006, but close to the $242 billion cashed-out in 2005. Over 82 percent of refinance mortgages in 2007 had loan amounts at least five percent higher than the original loans, down from 86 percent in 2006 (Figure 18). On average, the rate on the new mortgage tended to be approximately four percent higher than for the refinanced loan, down from six percent in 2006. The median price appreciation of properties from the time the original loan was made until it was refinanced fell from 31 percent in 2006 to 23 percent in 2007. The median age of refinanced mortgages in 2007 was 3.6 years, up from 3.2 years in the prior year. Those trends reflected the slowdown of house price appreciation since the peak of the real estate boom in 2005.

Mix of Purchase-Money Originations Continues to Change

The Monthly Interest Rate Survey (MIRS) of the Federal Housing Finance Board, which tracks the terms of single-family, conventional, purchase-money originations, provides further information on the terms of newly originated mortgages in 2007. The survey also permits comparison of purchase-money jumbo and non-jumbo mortgages. According to MIRS, the non-jumbo share of total purchase-money originations, based on the total dollar volume of loans, rose from 67 percent in 2006 to 76 percent in 2007, reflecting the decline in jumbo originations in the second half of the year.

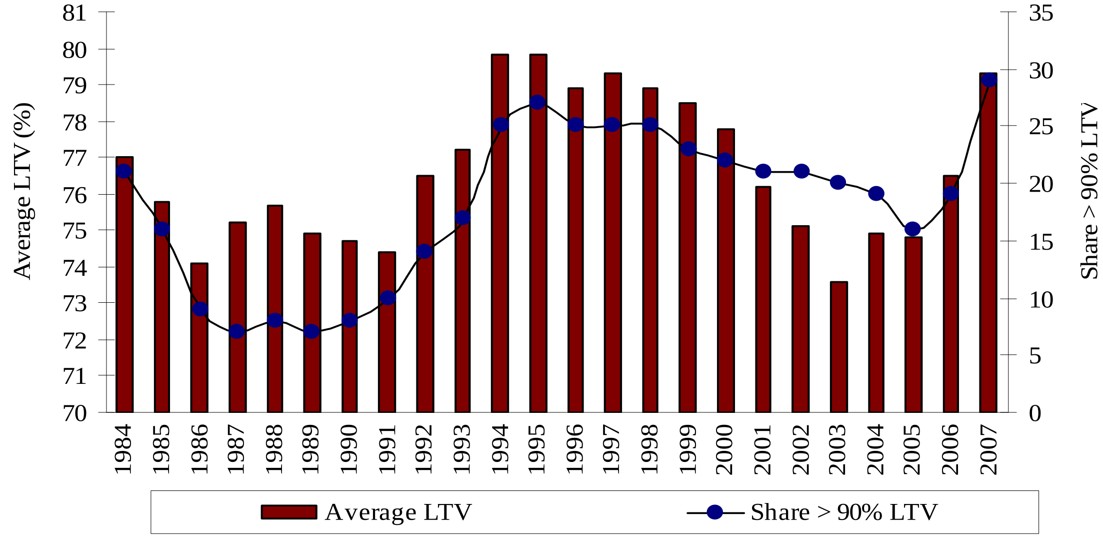
Figure 18
Percentage of Refinance Loans with Higher/Lower Loan Amount



Source: Freddie Mac Primary Mortgage Market Survey

According to MIRS, the average loan-to-value (LTV) ratio of single-family conventional, purchase-money mortgages was 79.3 percent in 2007, up from 76.6 percent in 2006. The proportion of such loans with LTV ratios greater than 90 percent, which had previously peaked at 27 percent in 1995, rose to 29 percent in 2007, up significantly from 19 percent in 2006 (Figure 19).

Figure 19
Loan-to-Value Ratios of Conventional Single-Family Mortgages and Percentage of Originations with LTV > 90%

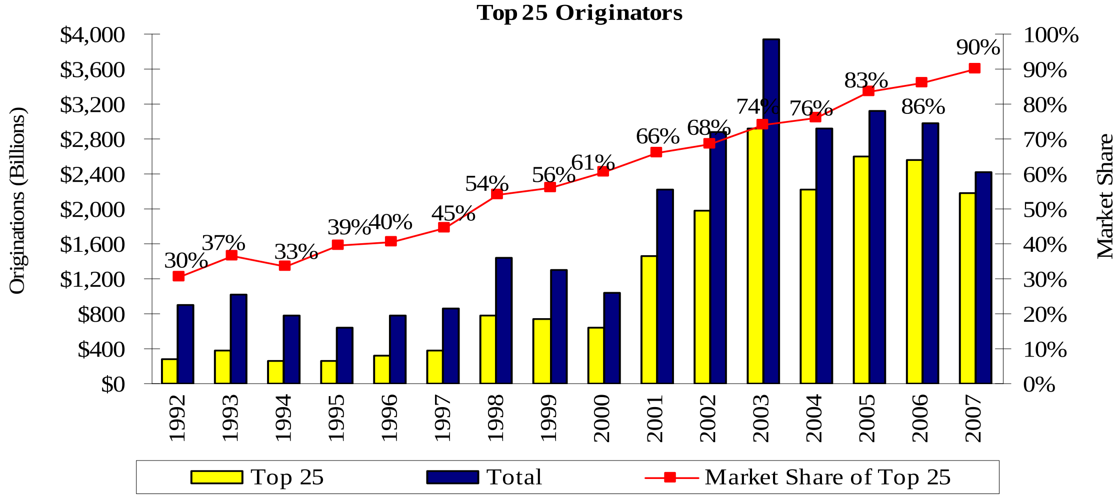


Source: Federal Housing Finance Board Mortgage Interest Rate Survey

Consolidation Among Originators Continues; Retail Lending Channel Gains Share

The long-running trend toward consolidation in the single-family mortgage origination business continued in 2007. According the Inside Mortgage Finance Publications, the top 25 lenders' share of all originations grew three percentage points from 86 percent to 90 percent (Figure 20). That was nearly triple the level in 1992, when the top 25 lenders accounted for only about 30 percent of all loans.

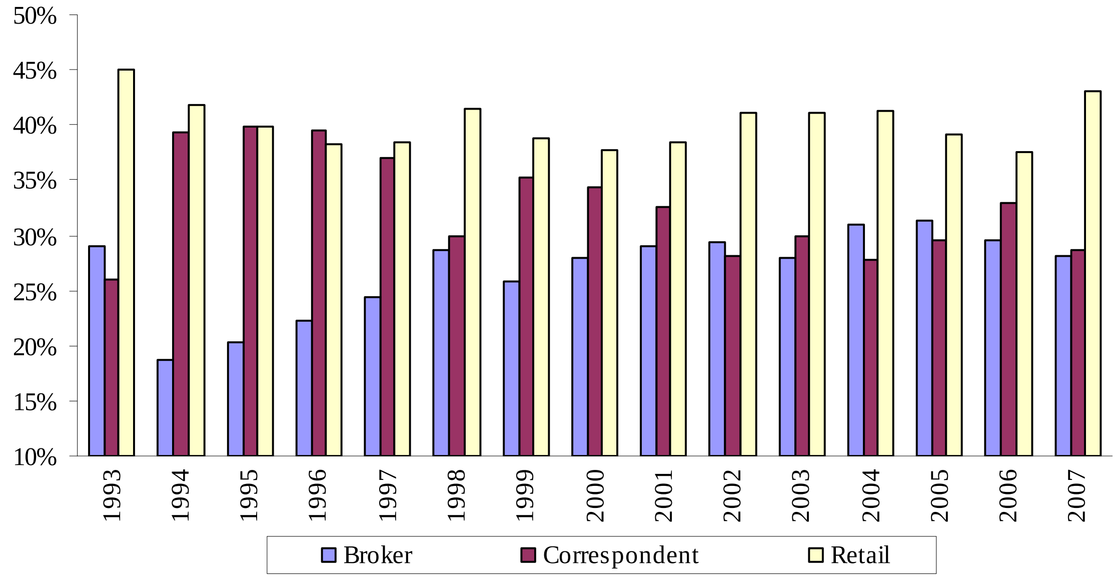
Figure 20
Concentration of Single-Family Mortgage Originations Among the Top 25 Originators



Source: Inside Mortgage Finance Publications

In 2007, lenders made an increasing share of single-family originations through the retail channel, in which they lend directly to consumers, whether through a branch office, a call center, the Internet, or some other direct means. According to Inside Mortgage Finance Publications, the retail share of originations rose from 37.6 percent in 2006 to 43.1 percent in 2007, the largest retail share since 1993 (Figure 21). In wholesale production, the share of loans acquired from correspondents (lenders that close loans in their own name and sell them) dropped from 32.9 percent in 2006 to 28.6 percent last year. Brokers accounted for about 28.2 percent of loan originations in 2007, down from 29.5 percent in the prior year. The decline in wholesale lending resulted from the collapse of nontraditional mortgage lending and general tightening of underwriting standards in the second half of the year.

Figure 21
Single-Family Mortgage Originations by Source

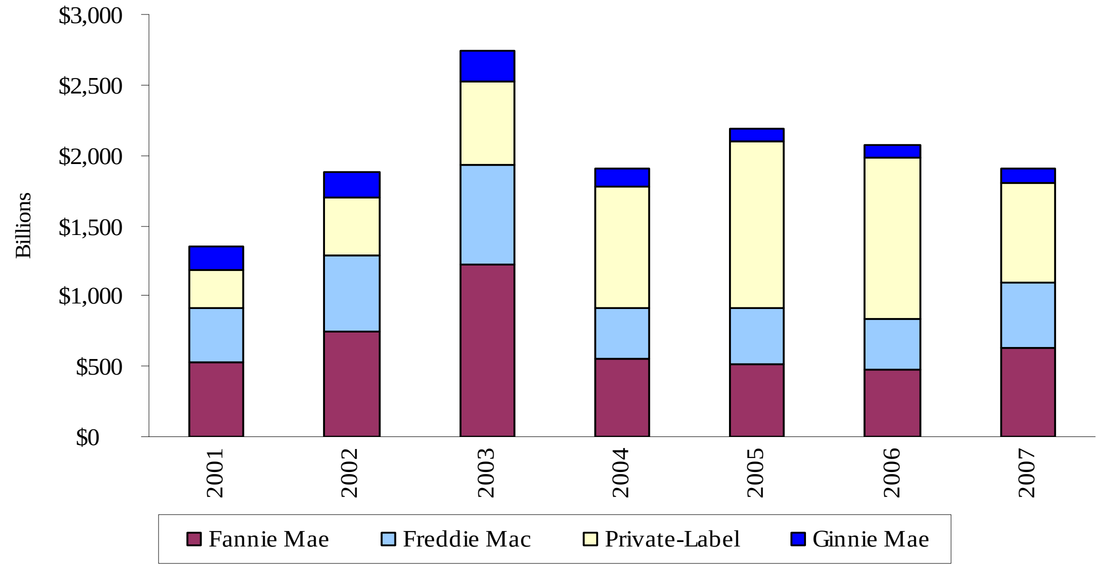


Source: Inside Mortgage Finance Publications

Single-Family MBS Issuance Declines; Enterprise Share Rises Significantly

The volume of single-family mortgages securitized in 2007 fell by eight percent to $1.9 trillion, reflecting the decline in single-family mortgage originations. Fannie Mae's and Freddie Mac's combined share of MBS issuance rose substantially to 61.6 percent from 46.7 percent in 2006 (Figure 22). The Enterprises' combined share rose due to a decline in private-label MBS issuance, which fell 38 percent, to $707 billion, as a result of the liquidity freeze in the non-agency market in the second half of 2007. Only $168.7 billion in PLS were issued in the second half of 2007, approximately 17 percent of total MBS issuance. Issuance of PLS comprised 34 percent of all MBS issuance in 2007, down sharply from 50 percent in 2006. Ginnie Mae's market share rose to 4.7 percent in 2007 from 3.6 percent in 2006.

Figure 22
Distribution of Single-Family MBS Issuance, by Issuer

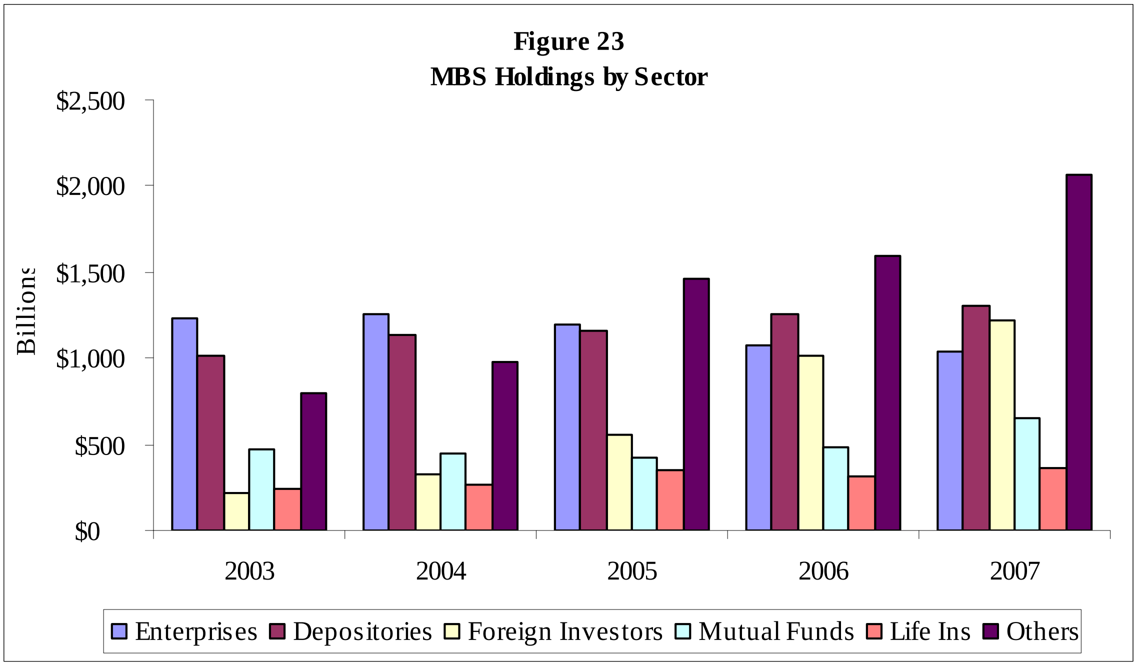


Source: Fannie Mae, Freddie Mac, and Inside Mortgage Finance Publications

Residential Mortgage Debt and MBS Outstanding Rise; Foreign Investors Increase Share of MBS Outstanding

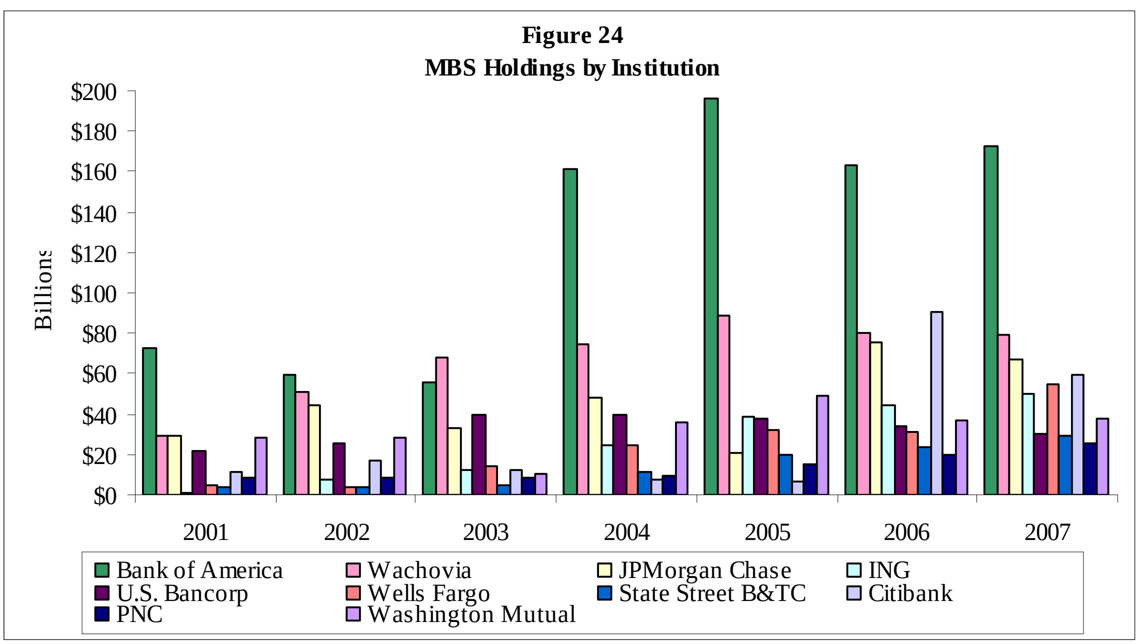
Residential mortgage debt outstanding (including single-family and multifamily loans) grew seven percent to $12.0 trillion in 2007. Mortgage debt owed by households reached $11.1 trillion, up 117.2 percent since the beginning of 2000. Higher interest rates and a slower pace of home sales dampened the growth of mortgage debt outstanding last year, as did a reduced ability of consumers to tap their home equity through refinancing in an environment of weak or falling house prices.

Outstanding MBS issued by U.S. firms increased 15.7 percent to $6.6 trillion in 2007 despite the decline in MBS issuance. Since 2000, the share of that total held by foreign investors—a category that includes private firms and foreign central banks—has increased from six percent to over 18 percent (Figure 23). Depository institutions held 20 percent of MBS outstanding at year-end 2007, down from 22 percent at the end of 2006, despite an increase in the dollar value of depository holdings. Other investors—a category that includes hedge funds, nonprofits, and other groups for which detailed data are not available—held 31 percent of MBS outstanding, up from 28 percent at year-end 2006.



Source: Board of Governors of the Federal Reserve System

Although the MBS holdings of all U.S. depository institutions grew by over $45 billion in 2007, the concentration of MBS holdings in the largest U.S. banks' portfolios decreased during the year. The MBS portfolios of the top two bank MBS investors fell to 3.8 percent of all MBS outstanding, down from 4.3 percent in 2006 and 5.5 percent in 2005 (Figure 24).



Source: OFHEO based on data from the Federal Deposit Insurance Corporation

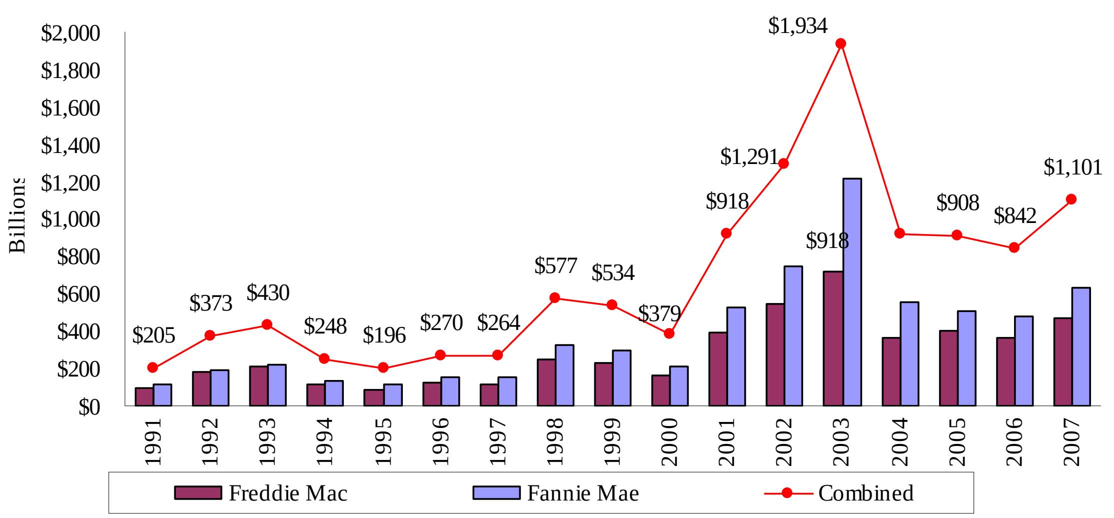
ENTERPRISE SECONDARY MORTGAGE MARKET ACTIVITIES

Fannie Mae and Freddie Mac increased their MBS issuance by nearly one-third in 2007 as competition from the private-label market virtually ceased in the second half of the year. Freddie Mac increased its purchases of mortgage securities and whole loans for its retained portfolio, while Fannie Mae's purchases declined. Both Enterprises reduced their purchases of PLS backed by subprime, Alt-A, and other nontraditional mortgages and of whole loans of those types. The share of single-family mortgages backing MBS issued by Fannie Mae and Freddie Mac with features that pose high credit risk was higher than in 2006 but declined in the second half of the year. The sensitivity of each Enterprise's credit losses to the prices of single-family homes increased substantially.

Enterprise MBS Issuance Increases Sharply

The volume of MBS issued by Fannie Mae and Freddie Mac rose sharply in 2007, despite a decline in primary market originations. The Enterprises' combined single-class MBS issuance rose 31 percent to $1.1 trillion (Figure 25). Fannie Mae's single-class MBS issuance rose 31 percent to $630 billion, while Freddie Mac's volume also rose 31 percent to $471 billion.

Figure 25
Enterprise Single-Class MBS Issuance



Source: Fannie Mae and Freddie Mac

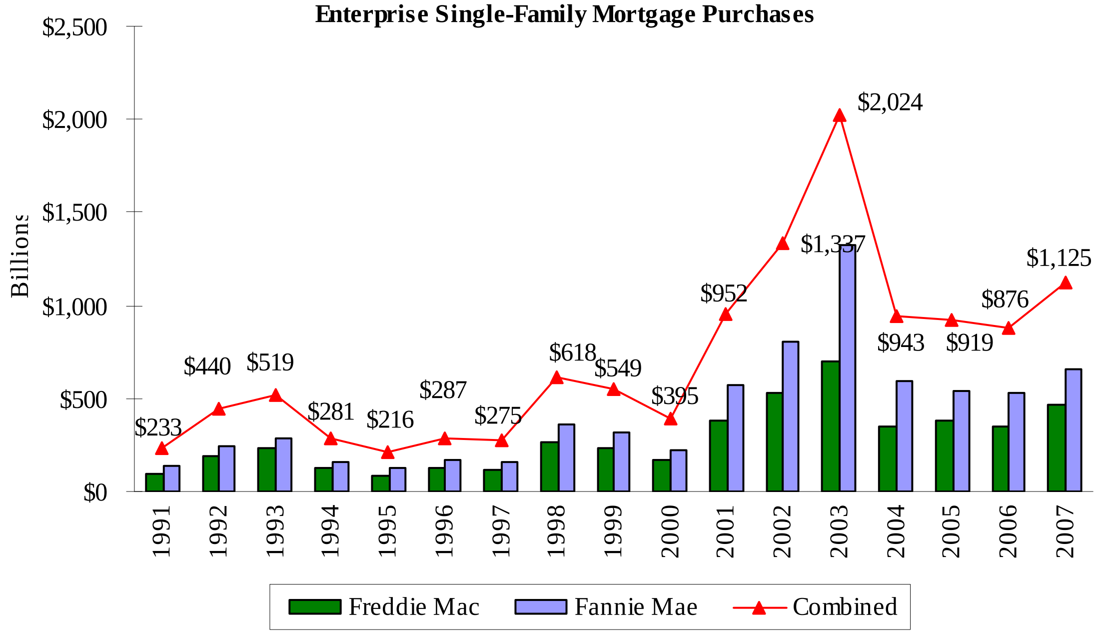
Enterprise issuance of multiclass MBS, mostly Real Estate Mortgage Investment Conduit (REMIC) securities, fell 21 percent at Freddie Mac and 10 percent at Fannie Mae in 2007. The Enterprises issued a combined $246 billion in multiclass MBS in 2007, down 16 percent from $294 billion in 2006.

Enterprise Total and Single-Family Purchases Up Sharply

Larger MBS issuance by Fannie Mae and Freddie Mac boosted the Enterprises' combined purchases of single- and multifamily mortgages (defined to include cash purchases from lenders and swaps of whole loans for MBS) to $1.2 trillion in 2007, up 31 percent from 2006. Fannie Mae's purchase volume increased 29 percent to $705 billion in 2007, while Freddie Mac's total mortgage purchases rose 34 percent to $488 billion.

Purchases by the Enterprises of single-family mortgages rose 28 percent in 2007 to $1.1 trillion from $876 billion in 2006, despite the decline in single-family mortgage originations (Figure 26). Freddie Mac's purchases were $466 billion in 2007, up 33 percent from 2006, while Fannie Mae's purchases were $659 billion, up 26 percent. Those totals were the highest single-family purchase volumes by the Enterprises since 2003.

Figure 26
Enterprise Single-Family Mortgage Purchases

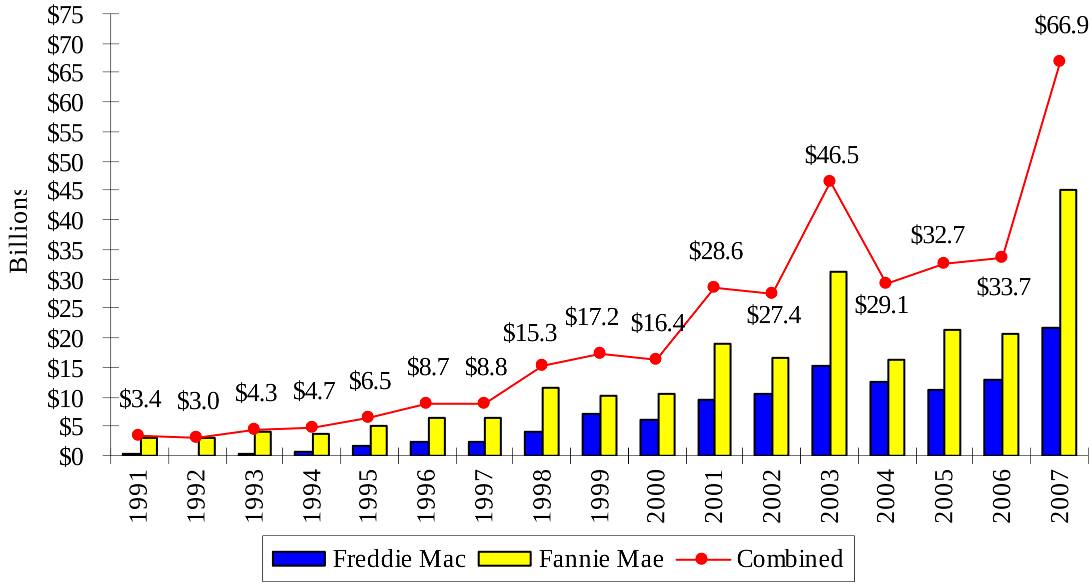


Source: Fannie Mae and Freddie Mac

Enterprise Multifamily Purchases Double

Fannie Mae and Freddie Mac increased their multifamily activity substantially in 2007. Combined Enterprise purchases of multifamily mortgages doubled to $66.9 billion from $33.7 billion in 2006. Fannie Mae purchased $45.3 billion in multifamily loans, up 119 percent from 2006 (Figure 27). Freddie Mac purchased $21.6 billion in multifamily mortgages, up 66 percent from the previous year. Most of the units financed with multifamily loans purchased by the Enterprises count toward the affordable housing goals established by the Secretary of Housing and Urban Development (HUD).

Figure 27
Enterprise Multifamily Mortgage Purchases



Source: Fannie Mae and Freddie Mac

Purchases for the Retained Portfolio Increase at Freddie Mac but Drop at Fannie Mae

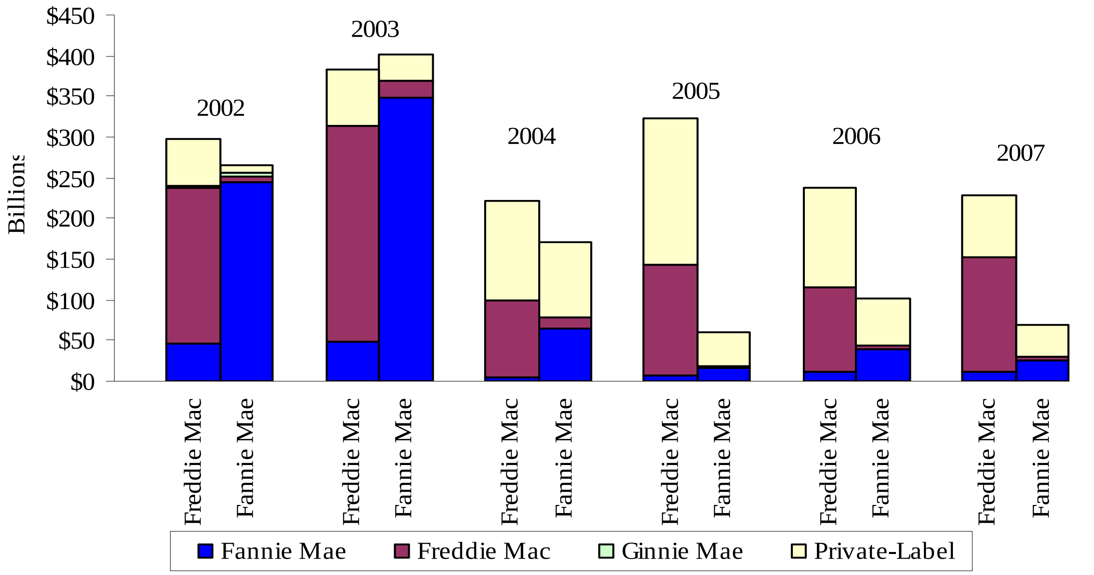
Although the activity of the retained mortgage portfolios of Fannie Mae and Freddie Mac (i.e., purchases, sales and liquidations) varied throughout 2007, overall, their portfolios showed little or no growth for the year, and they have grown little, if at all, since the limits on portfolio growth imposed by OFHEO took effect in mid-2006.[4] Purchases of mortgage securities and unsecuritized mortgages for the retained portfolio increased at Freddie Mac in 2007, but fell at Fannie Mae. For Fannie Mae, purchases were offset by sales and liquidations out of the retained portfolio, leading to a slight decline in its end-of-year balance. For Freddie Mac, purchases less sales and liquidations led to a slight increase in the retained portfolio's end-of-year dollar balance.

Fannie Mae purchased $25 billion of its own MBS in 2007, compared to $38 billion in 2006 and $16 billion in 2005 (Figure 28). Freddie Mac purchased $141 billion of its

[4] The growth of Fannie Mae's retained portfolio continued to be constrained from January through August 2007 by OFHEO's Consent Order of May 2006, whereas Freddie Mac's continued to be constrained by the Enterprise's voluntary agreement with OFHEO's recommendation to limit the growth of its portfolio starting in August 2006. The Enterprises' portfolio mortgage assets were initially limited to the level held as of December 31, 2005 for Fannie Mae and as of June 30, 2006 for Freddie Mac, with an allowance for growth of 2 percent annually and no more than 0.5 percent quarterly in the case of Freddie Mac. In September 2007, OFHEO provided the Enterprises with additional flexibility in managing their portfolios to comply with the caps imposed by those agreements. See: http://www.ofheo.gov/newsroom.aspx?ID=388&q1=0&q2=5. Those limits were lifted effective March 1, 2008.

MBS, compared to $104 billion in 2006 and $136 billion in 2005. Both Enterprises decreased their purchases of PLS significantly in 2007. Purchases of PLS by Fannie Mae fell 35 percent to $37 billion, while PLS purchases by Freddie Mac declined 38 percent to $76 billion. Combined Enterprise PLS purchases fell 37 percent to $114 billion in 2007. The private-label share of Enterprise purchases declined to 38 percent, down from 53 and 58 percent in 2006 and 2005, respectively.

Figure 28
Enterprise MBS Purchases by Issuer

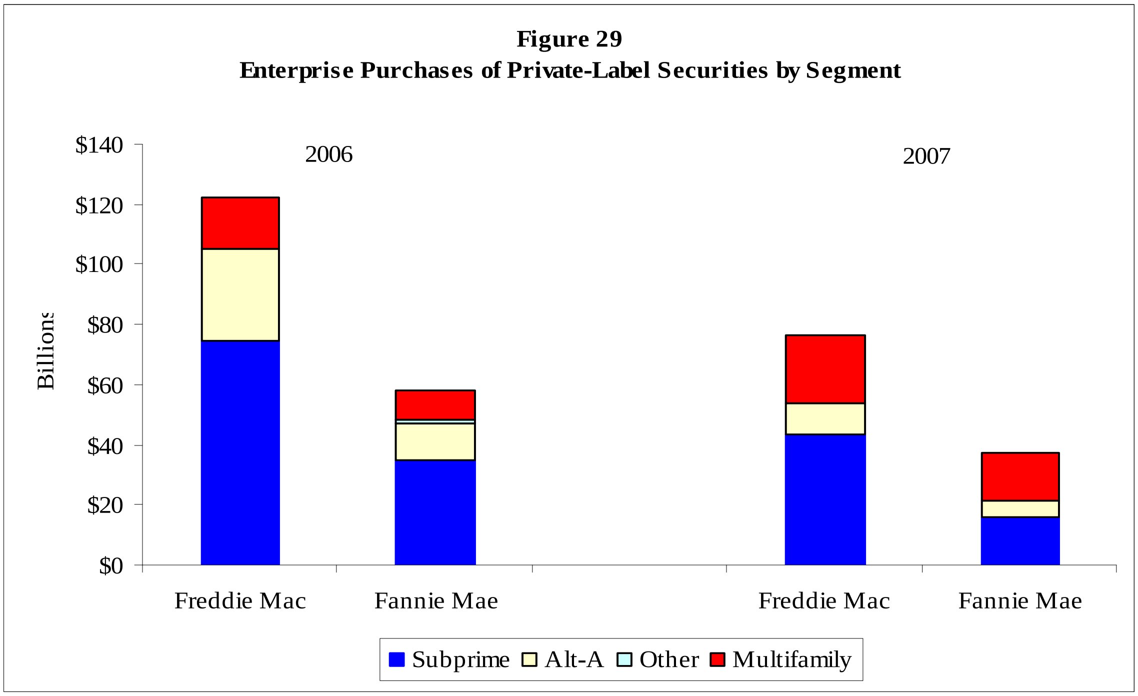


Source: Fannie Mae and Freddie Mac

Enterprises Reduce Presence in Subprime, A-, and Alt-A Markets

Freddie Mac and Fannie Mae reduced their presence in the markets for subprime, A-, and Alt-A mortgages and PLS backed by those loans in 2007. Fannie Mae reduced its purchases of those types of mortgages, both in terms of dollar volume and share of overall single-family purchases, relative to 2006. Fannie Mae's purchases of Alt-A loans totaled $106 billion, down from approximately $112 billion the year before. Freddie Mac increased its whole loan purchases of Alt-A mortgages in 2007. Freddie Mac purchased $72 billion of Alt-A mortgages in 2007, up from $45 billion in 2006.

Fannie Mae and Freddie Mac also reduced their purchases of PLS backed by subprime, A-, and Alt-A mortgages in 2007, particularly in the second half of the year. They bought a total of $113.6 billion in PLS, down 37 percent from $180 billion the year before. Purchases in the second half of the year were less than one-half of the level in the first half. The Enterprises purchased $59.6 billion of PLS backed by subprime loans, down 46 percent from $109.6 billion the previous year (Figure 29). They purchased $15.3 billion of PLS backed by Alt-A mortgages, 64 percent less than the $42.5 billion acquired in 2006. The only segment in which Fannie Mae and Freddie Mac increased their PLS purchases in 2007 was in the multifamily market, where they purchased $38.3 billion in PLS backed by multifamily mortgages, up 44 percent from $26.6 billion in 2006.



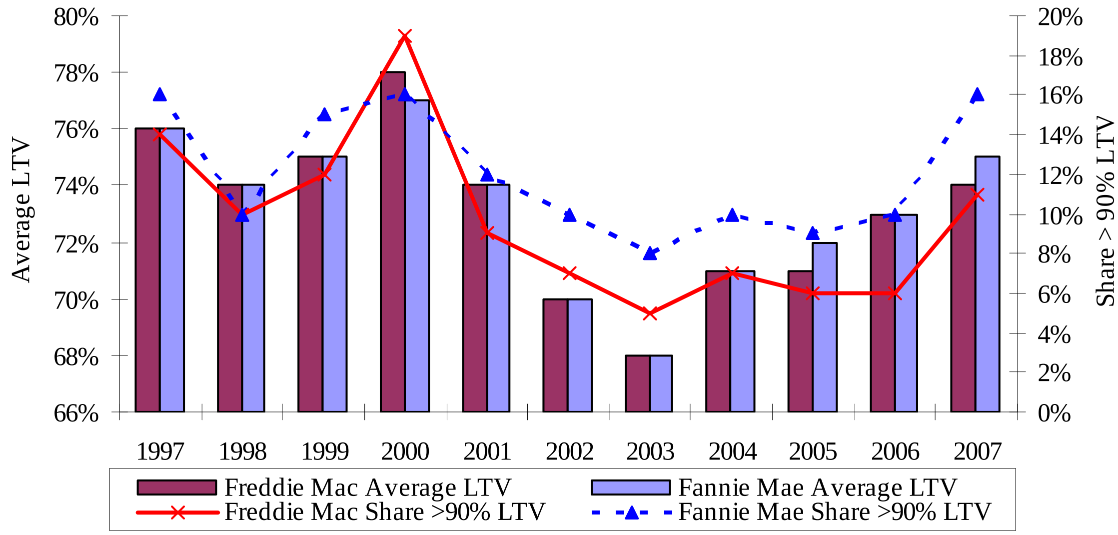
Source: Fannie Mae and Freddie Mac

Refinance Share and Loan-to-Value Ratios of Enterprise Single-Family Purchases Increase

The refinance share of single-family mortgages purchased by Fannie Mae and Freddie Mac rose in 2007. Fannie Mae's refinance share of purchases increased to 50 percent, up from 48 percent in 2006, whereas Freddie Mac's share rose to 53 percent from 47 percent. Refinance mortgages tend to be of higher credit quality than purchase loans.

The loan-to-value ratios of the single-family mortgages purchased by Fannie Mae and Freddie Mac also increased. The weighted average LTV ratio of loans purchased by Freddie Mac increased to 74 percent in 2007 from 73 percent in 2006, while the weighted average LTV ratio for Fannie Mae acquisitions rose to 75 percent from 73 percent (Figure 30). The proportion of loans with high LTV ratios also rose significantly at both Enterprises. The proportion of loans greater than 90 percent LTV purchased by Fannie Mae was 16 percent in 2007, up sharply from 10 percent in 2006. The proportion for Freddie Mac in 2007 was 11 percent, up from six percent in 2005.

Figure 30
Average Loan-to-Value Ratios of Enterprise Single-Family Purchases and Percentage of Purchases with LTV > 90%



Source: Fannie Mae and Freddie Mac

Mortgages with High-Risk Features Backing Enterprise MBS Rise but Fall in Second Half

The share of single-family mortgages backing MBS issued by Fannie Mae and Freddie Mac with features that pose high credit risk was higher in 2007 than in the previous year. For example, 11 percent of loans backing Enterprise MBS had low credit scores (FICO < 700) and LTV ratios above 80 percent in 2007, up from seven percent in 2006. Six percent of mortgages backing MBS had very low credit scores (FICO < 660) and LTV ratios greater than 80 percent, up from four percent in the previous year.

Fannie Mae and Freddie Mac tightened their underwriting standards in the second half of 2007, which checked the rise in the share of loans with high-risk features. For example, 13 percent of loans backing Enterprise MBS issued in July had low credit scores (FICO < 700) and LTV ratios greater than 80 percent. By December, the share of loans backing MBS with both those features had declined to 12 percent.

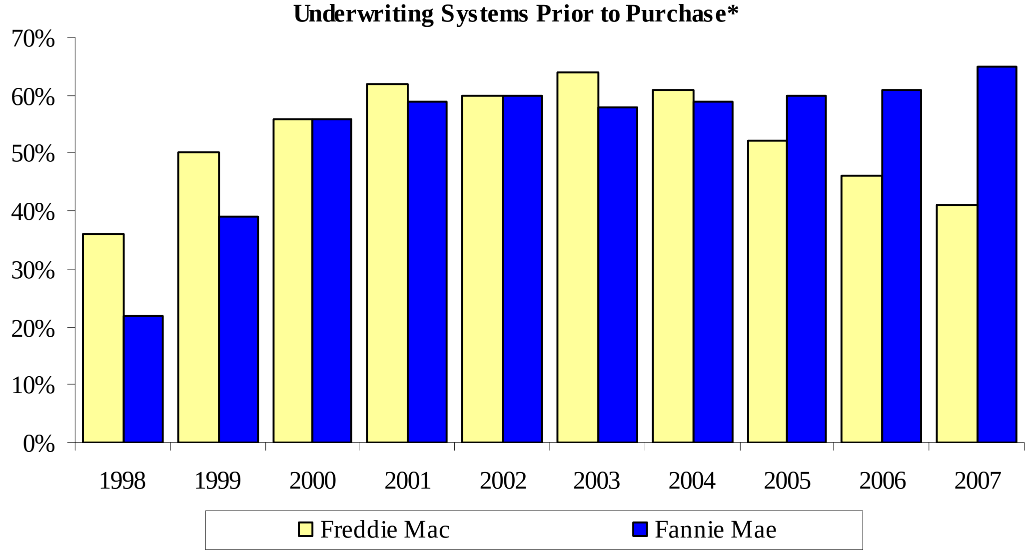
ARM Share of Purchases Declines

The adjustable-rate share of Enterprise single-family purchases declined in 2007. Adjustable-rate loans represented 11.4 percent of Fannie Mae's purchases, down from 17.7 percent in 2006. For Freddie Mac, ARMs represented 16.8 percent of single-family acquisitions, down from 22 percent the previous year. Adjustable-rate loans generally have a higher default rate than fixed-rate loans partly because the rates on ARMs, while originally low, may change over time and because ARMs are frequently used to qualify marginal buyers who could not qualify for the same mortgage amount with a FRM. If monthly payments increase as interest rates rise, the risk of default also increases.

Enterprises Continue to Manage Single-Family Mortgage Credit Risk

Freddie Mac and Fannie Mae continued to manage the credit risk of single-family mortgages by using automated underwriting systems (AUS) to evaluate the credit quality of new purchases and obtaining credit enhancements on higher-risk loans. Such systems combine LTV ratios, credit scores, debt-to-income ratios, and other loan and borrower characteristics to classify loans in terms of their relative risk of default. The percentage of loans processed through Freddie Mac's Loan Prospector (LP) dropped to 41 percent in 2007, down from 46 percent in 2006 and 52 percent in 2005. Freddie Mac reported in its annual report that the share of mortgages it purchased that were underwritten by lenders using alternative AUS increased in 2007. Sixty-five percent of Fannie Mae's 2007 single-family purchases were evaluated prior to purchase through its Desktop Underwriter (DU), up from 61 percent in 2006 (Figure 31).

Figure 31
Percent of Mortgages Evaluated by Enterprise Automated Underwriting Systems Prior to Purchase*



*Based on recently originated mortgages not included in structured transactions.

Source: Fannie Mae and Freddie Mac

As part of its post-purchase quality control review process, Fannie Mae and Freddie Mac each uses its respective AUS to evaluate the credit quality of virtually all single-family mortgages that were not evaluated by the system prior to purchase. Particular focus is placed on performing quality control reviews of purchases identified as high-risk mortgages. Additionally, each Enterprise allows some large lenders to use their own or the other Enterprise's AUS to evaluate mortgages prior to purchase. As a result, the data in Figure 43 understate the proportion of loans purchased by the Enterprises that were evaluated using automated underwriting prior to origination.

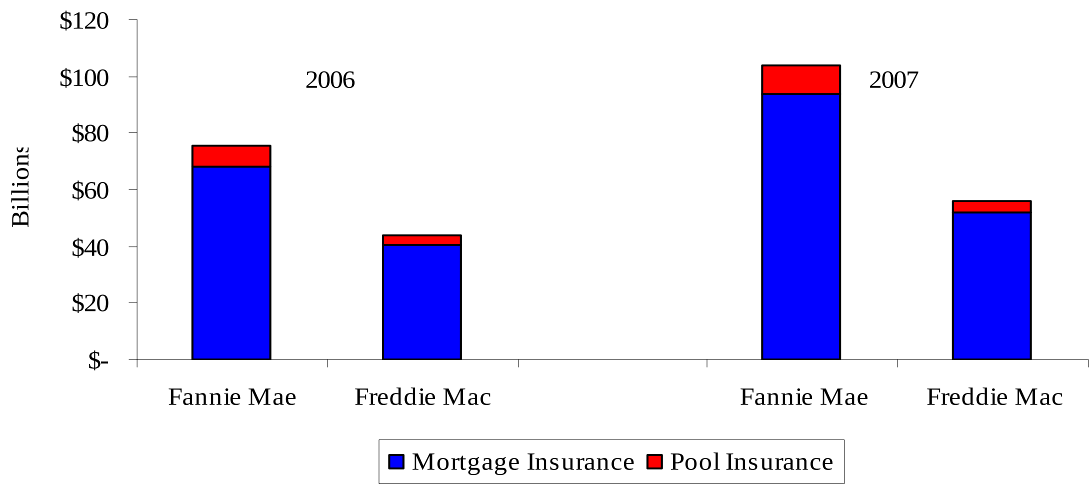
Fannie Mae and Freddie Mac also reduce their credit risk exposure by obtaining credit enhancements on higher-risk single-family mortgages. Credit enhancements include primary mortgage insurance on loans with original LTV ratios greater than 80 percent and agreements in which lenders or other third parties pledge collateral or agree to accept losses on loans that default. In addition, a portion of the mortgages purchased by each Enterprise are insured by FHA or guaranteed by VA. Credit enhancements transform a portion of the credit risk associated with individual loans into counterparty risk. The Enterprises manage counterparty risk by establishing eligibility requirements for and monitoring the condition of counterparties.

The share of Freddie Mac's new business purchases with credit enhancements was 17 percent in 2007, up slightly from 16 percent in 2006. The percentage of new Fannie Mae MBS issuances with lender-only and shared-risk credit enhancements was two percent in 2007, down from eight percent in 2006. The percentage of new Freddie Mac MBS issuances with lender-only and shared-risk credit enhancements was 21 percent in 2007, up from 17 percent in 2006. The share of Fannie Mae's outstanding mortgage credit book with primary mortgage insurance or other credit enhancements was about 21 percent, up from 19 percent at year-end 2006.

Enterprises Increase Exposure to Mortgage Insurers

Fannie Mae and Freddie Mac have significant credit exposures to private mortgage insurers. Seven firms provide nearly all primary (loan-level) insurance, and there is significant concentration among the coverage provided by that relatively small group. The top four mortgage insurers that provided the most primary insurance coverage for Freddie Mac at the end of 2007 accounted for 75 percent of that Enterprise's primary coverage, up from 72.9 percent at year-end 2006. Freddie Mac had a total exposure to mortgage insurers, from primary mortgage and pool insurance, of $55.7 billion at the end of 2007, up from $43.9 billion at year-end 2006 (Figure 33). Fannie Mae reported $104.1 billion in total mortgage insurance exposure at the end of 2007, up from $75.5 billion at year-end 2006.

Figure 32
Enterprise Credit Protection



Source: Fannie Mae and Freddie Mac

Estimated Enterprise Credit Loss from House Price Correction Increases Sharply

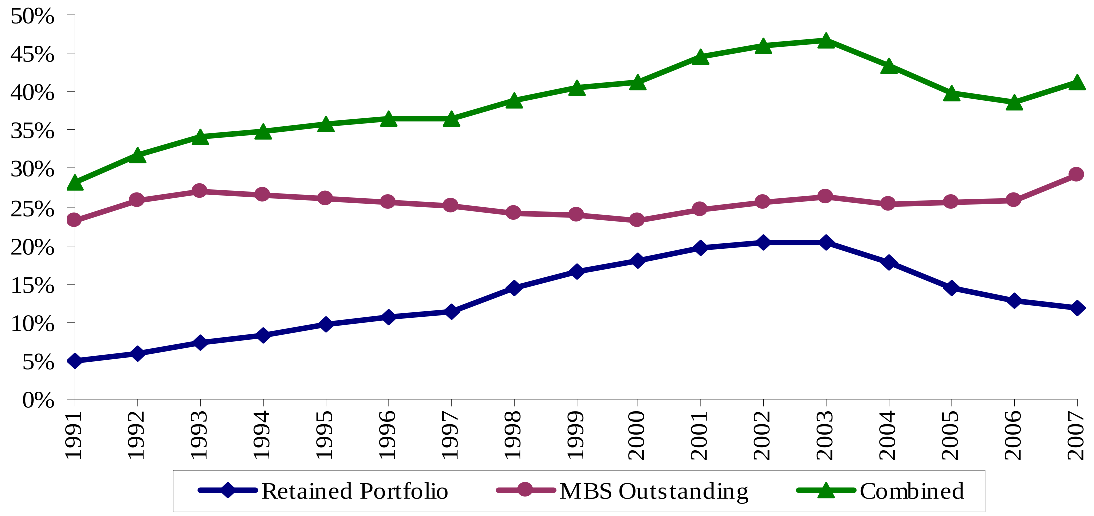
The credit losses each Enterprise incurs on its single-family credit book of business are sensitive to the prices of single-family homes. That sensitivity increased substantially in 2007 as house prices decelerated sharply in the second half of the year. Freddie Mac estimated that, as of the end of 2007, an immediate five percent decline in home values would increase credit losses over the life of its loans by $3.1 billion, net of the beneficial effect of credit enhancements, compared with $770 million at the end of 2006. Without credit enhancements, the lifetime loss sensitivity was $4.0 billion in 2007, up from $1.1 billion at the end of 2006. The net credit loss sensitivity at the end of 2007, $3.1 billion, represented about 8.2 percent of Freddie Mac's core capital as of year-end and about 0.18 percent of the Enterprise's conventional single-family mortgage credit book of business. At the end of 2006, the corresponding figures were 2.2 percent and 0.05 percent, respectively.

Fannie Mae estimated that, as of the end of 2007, an immediate five percent decline in home values would increase credit losses over the life of its loans by $4.5 billion, net of the beneficial effect of credit enhancements, compared with $2.0 billion at the end of 2006. Without credit enhancements, the lifetime loss sensitivity was $9.6 billion, up from $3.9 billion at the end of 2006. The net credit loss sensitivity at the end of 2007, $4.5 billion, represented about 10 percent of Fannie Mae's core capital as of that date and 0.18 percent of the Enterprise's conventional single-family mortgage credit book of business. At year-end 2006, the corresponding figures were 4.7 percent and 0.09 percent, respectively.

Enterprise Share of Mortgage Debt Outstanding Increases Dramatically

At the end of 2007, the combined books of business of Fannie Mae and Freddie Mac represented 41.1 percent of residential mortgage debt outstanding (including single-family and multifamily loans) of $12.0 trillion, up from 38.7 percent at the end of 2006 (Figure 33). Combined Enterprise MBS held by other investors increased from 25.9 percent to 29.2 percent of mortgage debt outstanding, its highest level ever, which more than offset the decline in the retained portfolios' share from 12.7 percent to 12.0 percent, its lowest level since 1997.

Figure 33
Enterprise Share of Residential Mortgage Debt Outstanding



Source: Fannie Mae, Freddie Mac, Board of Governors of the Federal Reserve System

FINANCIAL PERFORMANCE AND CONDITION OF THE ENTERPRISES

The market turmoil in the second half of 2007 reduced the credit quality of the on- and off-balance sheet mortgage assets of Fannie Mae and Freddie Mac and lowered the value of their mortgage investments. As a result, the Enterprises reported significantly higher credit losses, had to increase their loan loss reserves significantly in anticipation of further losses, and reported very large losses for the year. Faced with declining capital levels, Fannie Mae and Freddie Mac tapped the preferred stock market, adding over $15 billion of preferred stock to their balance sheets in the second half of the year, and took other measures to enhance and maintain their capital positions. Despite those challenges, both Enterprises continued to perform their statutory mission and were classified as adequately capitalized at the end of each quarter of 2007.

Enterprises Incur Heavy Losses

Although Fannie Mae and Freddie Mac each operated at a profit in the first half of 2007, both Enterprises incurred very large financial losses for the year. Freddie Mac reported its first annual loss ever. Combined, the Enterprises incurred $11.1 billion in pre-tax losses and after-tax losses of $5.1 billion[5] (Tables 1 and 2). The comparable figures for 2006 were income of $6.5 billion and $6.4 billion, respectively. The predominant sources of losses in 2007 were lower net interest income, higher losses related to items subject to mark-to-market accounting, and higher expenses and/or losses associated with the Enterprises credit guarantee books including higher credit losses and provisions for future losses.

[5] After-tax losses reflect the federal income tax benefit of Low-Income Housing Tax Credit partnership investments.

Table 1. Fannie Mae Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS[1]

(Dollars in Billions)

EARNINGS PERFORMANCE:	2003	2004	2005	2006	2007
Net Income ($)	8.1	5.0	6.3	4.1	-2.1
Net Interest Income ($)	19.5	18.1	11.5	6.8	4.6
Guarantee Fees ($)	3.4	3.8	4.0	4.3	5.1
Net Interest Margin (%)[2]	2.12	1.86	1.31	0.85	0.57
Average Guarantee Fee (bps)[3]	21.9	21.8	22.3	22.2	23.7
Return on Common Equity (%)[4]	27.6	16.6	19.5	11.3	-8.3
Dividend Payout Ratio (%)[5]	20.8	42.1	17.2	32.4	N/M
BALANCE SHEET POSITION:					
Total Assets ($)	1,022.3	1,020.9	834.2	843.9	882.5
Outstanding Debt ($)	961.3	953.1	764.0	767.0	796.3
Mortgages:					
Mortgage Assets ($)	919.6	925.2	736.8	726.4	723.6
MBS ($) (excluding Fannie Mae MBS held in Portfolio)	1,300.5	1,408.0	1,598.9	1,777.6	2,118.9
Mortgage Assets as % of Total Mortgage Portfolio	41.4	39.5	31.3	28.8	25.1
Capital:					
Core Capital[6]/MBS plus Total Assets (%)	1.2	1.4	1.6	1.6	1.5
Core Capital/Total Assets (%)	2.6	3.4	4.7	5.0	5.1

Source: Fannie Mae

N/M = Not Meaningful

[1] Data for 2003 are based on restated and revised financial results.

[2] Taxable equivalent net interest income divided by average earning assets.

[3] Guarantee fees divided by average MBS outstanding net of MBS held in portfolio.

[4] Calculated as annualized net income available to common stockholders divided by average common stockholders' equity.

[5] Paid common dividends as a percentage of net income available to common stockholders.

[6] The sum of (a) the stated value of common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings less treasury stock.

Table 2. Freddie Mac Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS[1]
(Dollars in Billions)

EARNINGS PERFORMANCE:	**2003**	**2004**	**2005**	**2006**	**2007**
Net Income ($)	4.8	2.9	2.1	2.3	-3.1
Net Interest Income ($)	9.5	9.1	4.6	3.4	3.1
Guarantee Fees ($)	1.7	1.4	2.1	2.4	2.6
Net Interest Margin (%)[2]	1.27	1.24	0.66	0.47	0.44
Average Guarantee Fee (bps)[3]	23.3	17.5	16.6	17.1	16.6
Return on Common Equity (%)[4]	17.7	9.4	8.1	9.8	-21.0
Dividend Payout Ratio (%)[5]	15.6	34.9	56.9	63.9	N/M
BALANCE SHEET POSITION:					
Total Assets ($)	803.4	795.3	806.2	804.9	794.4
Outstanding Debt ($)	739.6	731.7	748.8	744.3	738.6
Mortgages:					
Mortgage Assets ($)	660.5	664.6	709.5	700.0	710.0
MBS ($) (excluding Freddie Mac MBS held in Portfolio)	752.2	852.3	974.2	1,122.8	1,381.9
Mortgage Assets as % of Total Mortgage Portfolio	46.8	43.8	42.1	38.3	33.8
Capital:					
Core Capital[6]/MBS plus Total Assets (%)	2.1	2.1	2.0	1.8	1.7
Core Capital/Total Assets (%)	4.0	4.3	4.4	4.4	4.8

Source: Freddie Mac
N/M = Not Meaningful

[1] Data for 2003 are based on restated and revised financial results.

[2] Taxable equivalent net interest income divided by average earning assets.

[3] Guarantee fees divided by average MBS outstanding net of MBS held in portfolio.

[4] Ratio computed as annualized net income available to common stockholders divided by the simple average of beginning and ending stockholders' equity, net of preferred stock (at redemption value).

[5] Paid common dividends as a percentage of net income available to common stockholders.

[6] The sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings, less Treasury stock.

Financial results for the Enterprises, measured from a fair value perspective, were more dismal than their results under Generally Accepted Accounting Principles (GAAP). Fannie Mae incurred a fair value loss of $13.3 billion, whereas Freddie Mac's loss was $24.7 billion.[6] Those losses were driven mainly by declining asset prices and a higher guarantee obligation (Freddie Mac) reflecting an increase in anticipated credit losses, higher risk of greater credit losses, and a general reluctance or inability on the part of many investors to hold mortgage assets.

Enterprises' Net Interest Income Continues to Fall as Guarantee Fee Income Increases

Net interest income continued to decline at both Fannie Mae and Freddie Mac in 2007, primarily as a result of higher funding costs. Fannie Mae's net interest income declined by almost one-third or $1.2 billion, to $4.6 billion. That decline was driven by a 28 basis point decline in the net interest yield, which fell to 57 basis points. The decline in net interest yield was driven primarily by higher debt cost. The average cost of interest-bearing liabilities rose 35 basis points to 5.14 percent, whereas the average yield on interest-earning assets increased by only 5 basis points. Freddie Mac experienced a decline in its net interest income of 9.2 percent or $0.3 billion, to $3.1 billion. The Enterprise's net interest yield fell 3 basis points, driven also by higher funding costs.

With the continued decline in net interest income and the rapid growth in MBS outstanding, guarantee fee income continues to comprise a greater share of the Enterprises' total revenues. However, as discussed below, costs associated with the guarantee business of Fannie Mae and Freddie Mac increased significantly in 2007 due to the declining credit quality of loans underlying their MBS. For the year, Fannie Mae's guarantee fee income increased $0.8 billion or 19.3 percent to $5.1 billion. That increase in guarantee fee income reflects an increase in the average effective guarantee fee rate of 1.5 basis points or 6.8 percent to 23.7 basis points, and an 11.7 percent increase in the average outstanding balance of MBS and other guarantees.

Although Freddie Mac's guarantee fee income increased 10.1 percent year-over-year, Freddie Mac experienced a decline in its average effective guarantee fee of 2.9 percent or one-half basis point to 16.6 basis points. That decline is attributable entirely to a decline in the amortization of credit and buy-down fees. To mitigate the impact of higher credit-related expenses (discussed on next page), starting in the fourth quarter both Fannie Mae and Freddie Mac increased their guarantee fees on new business. They also increased their purchase of credit enhancements.

[6] Fair value income/loss is defined as the change in the fair value of net assets adjusted for capital transactions such as dividend payments and stock issuances/redemptions.

Losses Due to Mark-to-Market Accounting and Certain Transactions Associated with Credit Guarantee Businesses Increase

Mark-to-market accounting continued to have a detrimental impact on the earnings of Fannie Mae and Freddie Mac. Freddie Mac experienced higher mark-to-market derivatives losses of about $0.7 billon due to decreasing long-term interest rates, and higher losses on the guarantee asset of $0.5 billion. The higher losses on the guarantee asset were driven by a decrease in mortgage interest rates during the year, which shortened the life of the asset. Those losses were largely offset by higher income from amortization of the guarantee obligation of $0.4 billion, which reflects both higher expected default costs associated with the growth of the guarantee obligation resulting from newly-issued guarantees, as well as a higher average balance of MBS and structured securities. Due to the weakening of the U.S. dollar relative to the Euro, Freddie Mac also incurred much higher foreign currency losses—$2.3 billion compared to less than $0.1 billion the year before—that were offset by an unrecognized gain of $2.3 billion on the Enterprise's foreign-currency swaps attributable to the same source. Fannie Mae experienced much higher fair value derivatives losses ($2.6 billion), driven also by a decrease in long-term interest rates.

The Enterprises experienced higher expenses and/or losses related to their credit guarantee business. Both Fannie Mae and Freddie Mac recorded much higher credit losses and provisions for loan loss (discussed below). In addition, Freddie Mac experienced a five-fold increase in losses on certain credit guarantees, to $2.0 billion, driven by expectations of higher future default costs, and a 13-fold increase in losses on loan purchased, to $1.9 billion, driven by the decline in market prices for those loans. Fannie Mae reported an increase in losses on certain guarantee contracts of $1.0 billion, also driven by expectations of higher future default costs.

Credit Losses, Delinquencies, Property Acquisitions, and Provisions for Loan Losses Increase Significantly

Weakness in the housing market in 2007, brought on by declining house prices, resulted in significantly higher credit losses, single-family mortgage delinquencies and foreclosures, and loan loss provisioning at both Fannie Mae and Freddie Mac.

Freddie Mac's credit losses (charge-offs plus foreclosure expenses) more than doubled in 2007 to $0.5 billion, reflecting primarily higher foreclosure expenses and amounts previously transferred to reduce the carrying value of loans purchased under guarantees. The Enterprise's annualized credit loss ratio (credit losses divided by the average mortgage portfolio, excluding non-Freddie Mac mortgage-related securities and that portion of structured securities backed by Ginnie Mae MBS) increased to 3.0 basis points, compared to 1.4 basis points the year before. At Fannie Mae, credit losses totaled $1.3 billion or 5.3 basis points of its average guarantee balance, compared to $0.5 billion and 2.2 basis points of the average guarantee balance in 2006.[7]

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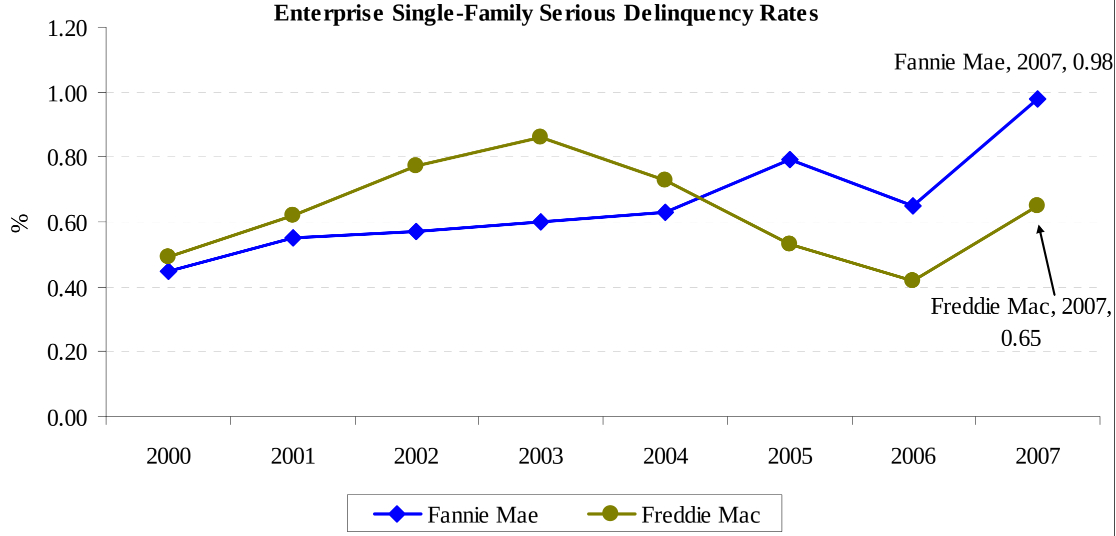
[7] The credit loss ratio including the effect of SOP 03-3 fair value losses (losses on delinquent loans purchased out of trusts) was 9.8 basis points and 2.8 basis points for 2007 and 2006, respectively.

Serious delinquency rates on single-family mortgages were up sharply at both Enterprises. Fannie Mae's rate increased by one-third to 0.98 percent by the end of 2007 (Figure 34). The highest delinquency rates were in the Midwest and Southeast regions. Freddie Mac's single-family delinquency rate was 0.65 percent at the end of the year. That delinquency rate reflected 79,569 delinquent loans. The comparable figures for 2006 were 0.42 percent and 46,777 delinquent loans, respectively.

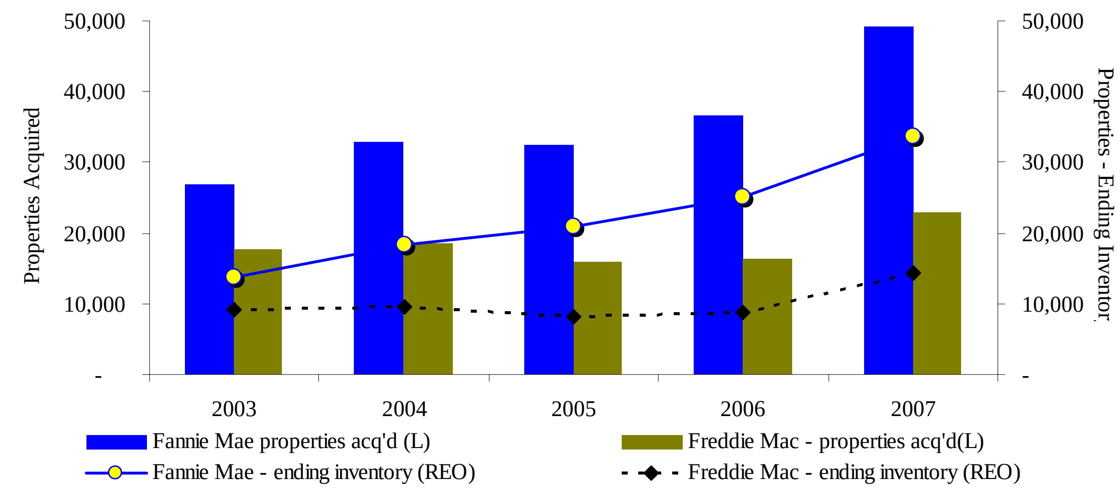
Figure 34
Enterprise Single-Family Serious Delinquency Rates



Source: Fannie Mae and Freddie Mac

Acquisition of foreclosed properties in 2007 followed the trend of seriously delinquent single-family loans at both Fannie Mae and Freddie Mac. Properties acquired through foreclosures at Fannie Mae increased 34.3 percent in 2007 to 49,121 properties. In addition, Fannie Mae's Real Estate Owned (REO) inventory increased 34.2 percent to 33,729 properties. Freddie Mac saw its foreclosures increase 39.4 percent to 22,840 properties. At year's end, the Enterprise's REO inventory was 14,349 properties, up 63.8 percent from the year earlier period (Figure 35).

Figure 35
Enterprises' Property Acquisitions and Ending Inventory

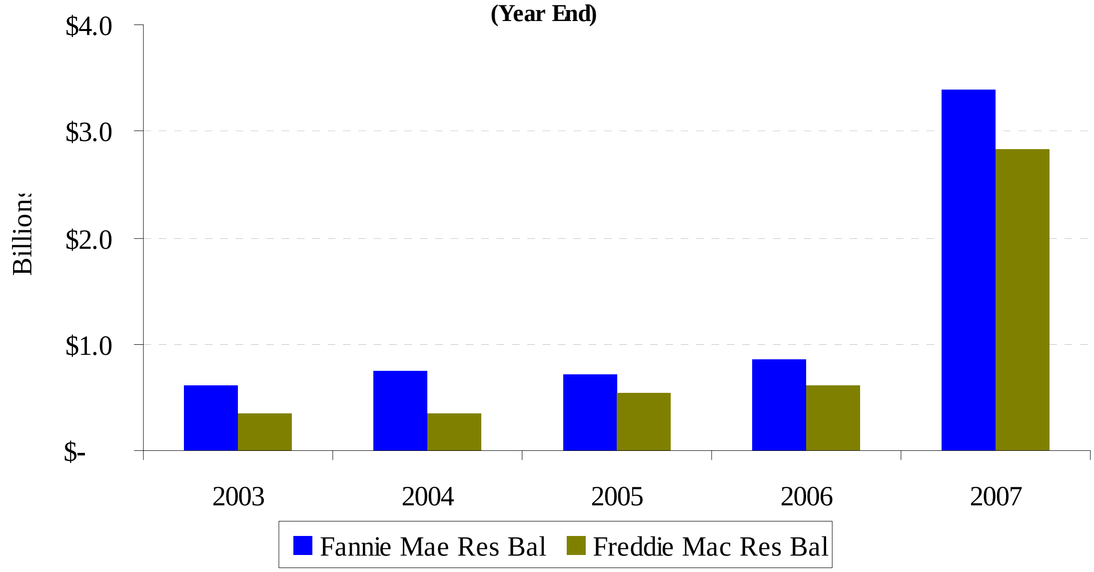


Source: Fannie Mae and Freddie Mac

Rising credit losses and anticipation of further losses due to continued weakness in the housing markets caused both Fannie Mae and Freddie Mac to increase significantly their provisions for loan losses in 2007. Fannie Mae added a total of $4.6 billion to its allowance for loan losses and reserve for guarantee losses—nearly 8 times the level provisioned the previous year. At the end of 2007, the Enterprise's loss reserves totaled $3.4 billion, up from $0.9 billion the year before (Figure 36). Fannie Mae's loss reserve ratio (combined allowance for loan losses and reserve for guaranty losses, divided by the guaranty book of business) tripled in 2007, increasing from 0.04 percent at the end of 2006 to 0.12 percent one year later. Freddie Mac added $2.9 billion to its loss reserves in 2007—a ten-fold increase from the previous year.[8] At the end of 2007, the Enterprise's loan loss reserve totaled $2.8 billion, up from $0.6 billion the year before.

[8] Freddie Mac transferred $0.5 billion of reserves associated with non-performing loans purchased from mortgage pools underlying its MBS, structured securities, and long-term standby agreements.

Figure 36
Enterprise Loan Loss Reserves
(Year End)



Source: Fannie Mae and Freddie Mac

Administrative Expenses Decline or Are Flat

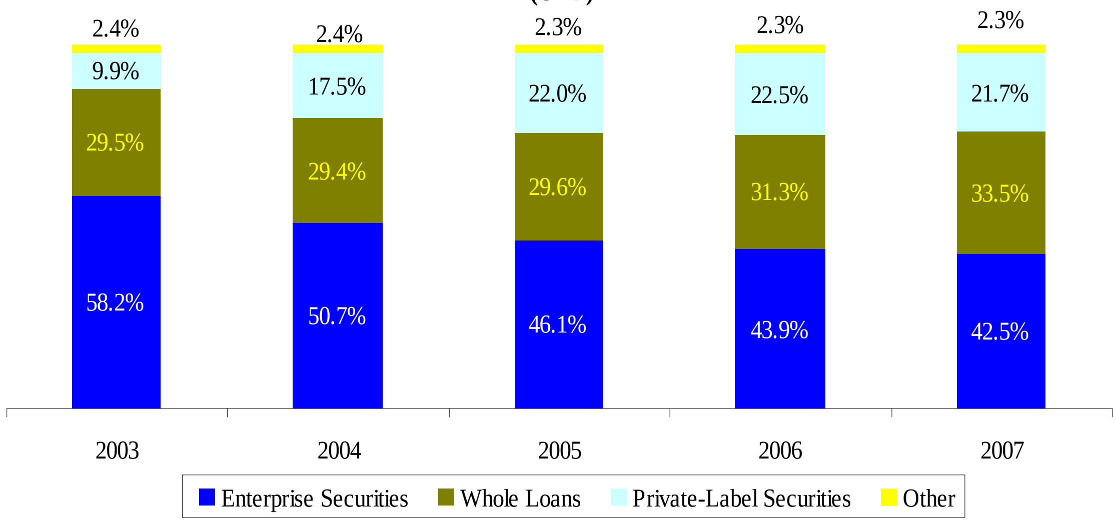
Fannie Mae reduced its administrative expenses by more than $400 million in 2007, to $2.7 billion. That reduction reflects lower expenses related to the restatement, regulatory examinations, investigations, and litigation. The Enterprise's administrative expenses as a percentage of its average total mortgage portfolio declined from about 12.7 basis points in 2006 to 9.9 basis points in 2007. Administrative expenses at Freddie Mac were mostly flat in 2007, totaling $1.6 billion. Administrative expenses as a percentage of the Enterprise's average total mortgage portfolio improved to 8.6 basis points down from 9.3 basis points the year before.

Mortgage Portfolios Show Little or No Growth; Composition of Portfolios Changes Little

The combined mortgage portfolio assets (net) of Fannie Mae and Freddie Mac totaled $1.4 trillion at the end of 2007, a change of about $7.2 billion from the end of 2006. Freddie Mac grew its mortgage portfolio assets (net) by a modest 1.4 percent in 2007, to $710.0 billion. That was below its growth limit of $724.4 billion. The mortgage portfolio assets of Fannie Mae shrunk for the third consecutive year, albeit only slightly, to $723.6 billion, the lowest level since 2001.

The composition of the combined mortgage portfolios of Fannie Mae and Freddie Mac remained largely unchanged in 2007, with the biggest change occurring in the amount and share of whole loans. The unpaid principal balance (UPB) of whole loans held by the Enterprises increased 8.2 percent in 2007 to $485.7 billion. That increase reflects, in large part, the increased volume of multi-family whole loans held by Fannie Mae. Whole loans represented 33.5 percent of the UPB of the Enterprises' combined mortgage portfolio assets at the end of the year, up from 31.3 percent the year before. The Enterprises continued to hold large volumes of their own securities, although their combined holdings fell 2.0 percent to $615.6 billion. Finally, the volume and share of PLS declined slightly, by about 2.6 percent to $313.7 billion. Those assets represented 21.7 percent of the UPB of the Enterprises' combined mortgage portfolio assets, compared to 22.5 percent the year before (Figure 37).

Figure 37
Composition of Enterprises' Combined Mortgage Portfolios (UPB)

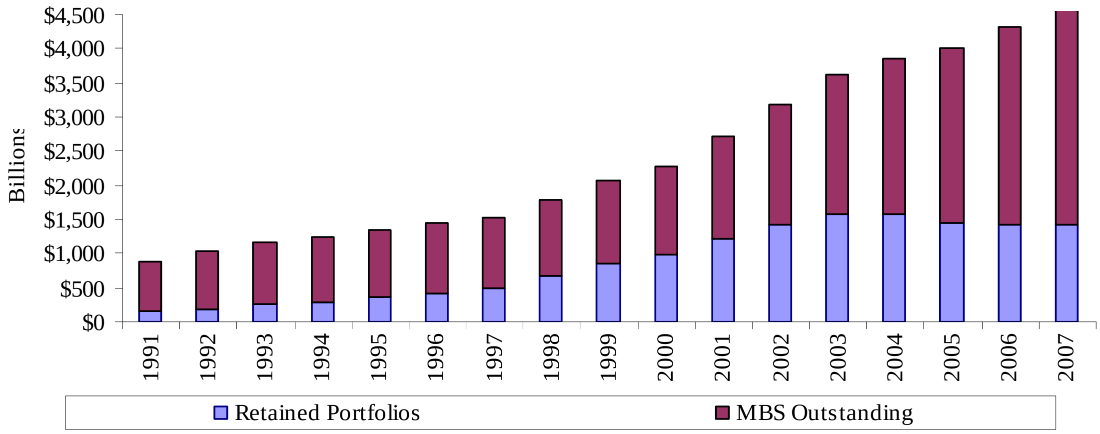


Source: Fannie Mae and Freddie Mac

Enterprise MBS Held by Other Investors Increases

The credit guarantee businesses of Fannie Mae and Freddie Mac were not constrained in 2007, and the volume of Enterprise MBS held by other investors rose nearly 21 percent to $3.5 trillion (outstanding principal balance) by the end of 2007 (Figure 38). The Enterprises' combined book of business (MBS held by other investors plus mortgages and MBS held by each Enterprise, including MBS guaranteed by the other Enterprise) rose 14 percent in 2007 to $4.95 trillion, up from $4.33 trillion at the end of 2006.

Figure 38
Enterprise Retained Portfolios and MBS Outstanding



Source: Fannie Mae and Freddie Mac

Holdings of Private-Label Securities Continue to Pose Risk of Fair Value Losses

The dominant theme in the mortgage markets in 2007 was the virtual collapse of subprime lending due to the deterioration in the credit quality of subprime loans. That, in turn, caused PLS backed by those and other types of nontraditional mortgages to lose value due to widening spreads and general illiquidity as investors' appetite for the securities waned.

While overall activity declined in the private-label market in 2007 and traditional investors in those securities looked to other, safer investments, Fannie Mae and Freddie Mac continued to support the private-label market, including the subprime sector. Of the $314 billion of PLS held by the Enterprises at the end of 2007, approximately $217 billion (UPB) were backed by subprime and Alt-A mortgages. At year's end, PLS backed by subprime mortgages represented 9.2 percent of the Enterprises' combined mortgage portfolio assets (UPB), whereas securities backed by Alt-A mortgages represented about 5.8 percent of their combined mortgage portfolio assets (UPB).

The liquidity risk of PLS is significantly greater than that of the MBS guaranteed by Fannie Mae and Freddie Mac. Accordingly, by investing heavily in PLS (primarily in 2004 and 2005), the Enterprises significantly increased their exposure to fair value losses from changes in market prices. In addition, holding those assets made Fannie Mae and Freddie Mac increasingly interdependent with other very large investors—e.g., major banks and investment banking firms and the structured investment vehicles (SIV) they sponsor—who invested in similar securities. To the extent that those institutions recognize fair value losses on their private-label portfolios under GAAP, Fannie Mae and Freddie Mac may have to do so as well. The Enterprises' fair value losses in 2007 were due primarily to declines in the market value of their PLS holdings.

During 2007, Freddie Mac recognized $10 million of credit losses as impairment expense on PLS backed by subprime loans held in its mortgage portfolio related to four positions rated below triple-A at acquisition. As of December 31, 2007, the Enterprise had recorded $504 million of unrealized losses, net of tax, in accumulated other comprehensive income (AOCI)[9] on the remaining securities backed by subprime loans rated below triple-A.[10] In addition, included in AOCI were $5.0 billion of unrealized losses, net of tax, associated with Freddie Mac's triple-A-rated PLS backed by subprime collateral that resulted principally from decreased liquidity in the subprime market.

Fannie Mae recognized $1.0 billion in losses on subprime securities classified as trading in 2007. In addition, the Enterprise recorded $160 million of other-than-temporary impairment on $1.7 billion of UPB of subprime PLS classified as available-for-sale (AFS). As of December 31, 2007, Fannie Mae reported $2.3 billion of gross unrealized losses in AOCI on subprime PLS classified as AFS.

Funding Costs Rise

The amount and types of funding used by Fannie Mae and Freddie Mac depend, among other things, on the relative cost of alternative debt and derivative combinations and the amount and types of assets they acquire for their respective mortgage portfolios. Changes in the amount and type of debt issued by the Enterprises in 2007 reflect changes in their portfolio purchase activities, portfolio management strategies, liquid investment portfolios, and other assets.

Total Enterprise new debt issuance volume declined sharply in 2007. Combined, Fannie Mae and Freddie Mac issued $2.5 trillion of new debt, down 17.8 percent or $548 billion from the previous year. That decline was driven by a sharp decline in short-term debt issuance, especially at Fannie Mae. The Enterprises' combined short-term issuance totaled $2.1 trillion in 2007, compared to $2.7 trillion the year before. Their issuance of long-term debt rose 5.0 percent in 2007, to $382.5 billion. That increase was driven by increased issuance of callable debt. Fannie Mae and Freddie Mac combined issued $257 billion of callable debt in 2007, up from $223 billion of such debt the year before. Despite the decline in total debt issuance, the combined outstanding debt of Fannie Mae and Freddie Mac increased marginally (less than one percent) in 2007.

Overall credit market conditions and concerns about the earnings and capital of large financial institutions with large mortgage exposures caused the funding costs of Fannie Mae and Freddie Mac to rise in the second half of 2007, especially in the last quarter of the year. Spreads between the yields of intermediate and long-term senior Enterprise debt and the yields of comparable-maturity Treasury debt widened to levels not seen in

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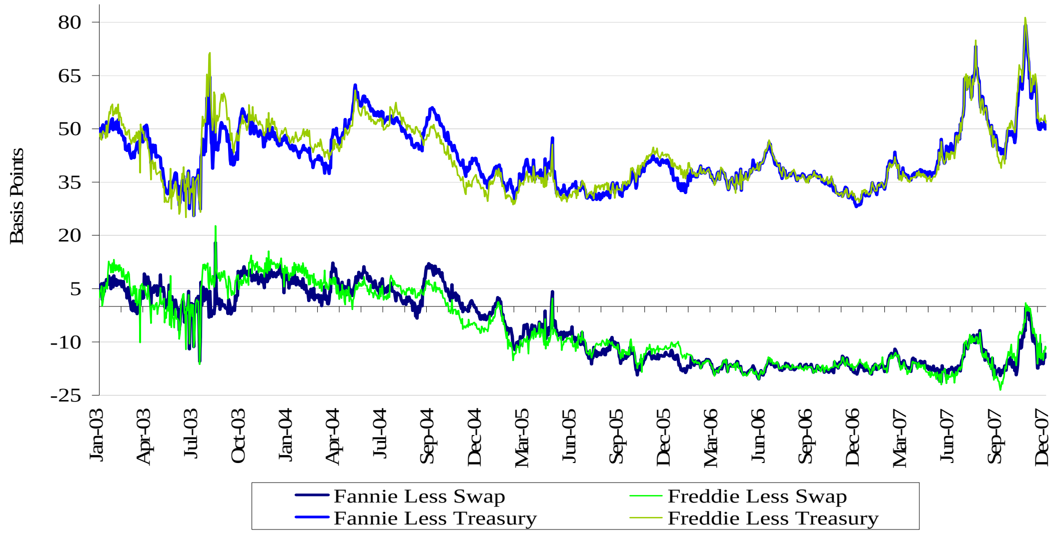
[9] AOCI is a component of shareholders' equity under GAAP and includes such items as unrealized gains/losses on AFS securities. AOCI and all of its components are excluded from the calculation of Enterprise regulatory capital.

[10] Between December 31, 2007 and February 25, 2008, the credit ratings for mortgage-related securities backed by subprime loans with an aggregate UPB of $16 billion were downgraded by at least one credit rating agency.

more than five years. The spreads between the yields of Enterprise senior debt and interest rate swaps narrowed during that period (Figure 39).

Figure 39
Spreads Between Enterprise 10-Year Debt and Comparable Maturity Treasury and Swap Yields



Source: OFHEO based on data from Bloomberg Financial LP

Similar developments occurred in the markets for subordinated debt issued by Fannie Mae and Freddie Mac in the final quarter of 2007. Spreads between the yields of each Enterprise's subordinated and senior debt widened significantly, reaching levels not seen since the days following the announcement of the management shakeup at Freddie Mac in mid-2003 (Figure 40). Spreads on credit default swaps on Enterprise debt also increased, especially in the second half of 2007 (Box B).

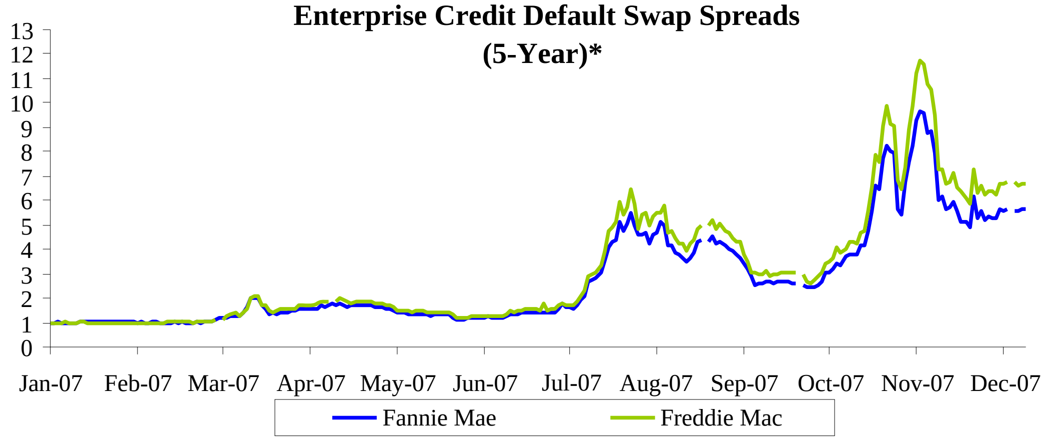
Box B
Enterprise Credit Default Spreads in 2007

Spreads on Fannie Mae and Freddie Mac credit default increased in 2007, especially in the second half of the year, consistent with trends in the markets for Enterprise senior and subordinated debt. A credit default swap (CDS) is an over-the-counter derivative contract designed to transfer the credit risk associated with a firm's liabilities from one party to another. In the swap transaction, the seller offers protection against the credit risk to the buyer. Much like an insurance contract, the party buying the protection agrees to pay an annual fee, known as the CDS premium or CDS spread, until the swap agreement ends, either by reaching maturity or through the occurrence of a recognized credit event. In exchange, the seller stands obligated to pay the buyer the par value of the obligation should a credit event occur, less the obligations' value at the time of the credit event. That is, the seller is bound by the swap contract to make up any difference between the market value and face value of the reference obligation at the time of the credit event.

Existing research has shown that CDS premiums and yield spreads of risky debt instruments to default-free instruments (U.S. Treasuries or swaps) have much in common, but the CDS market may offer advantages in terms of the speed of price adjustments in reaction to news and the purity of the default risk signal.

The five-year default swap spreads of Fannie Mae and Freddie Mac were relatively stable in the first half of 2007 but rose significantly beginning in July, peaked in November, and narrowed through the end of the year while remaining elevated by historical standards (Figure B-1; the data series has been normalized by dividing each trading day's spread by the spread on the first day of the year). The higher CDS spreads provide evidence that investors perceived that the Enterprises posed higher credit risk in second half of the year.

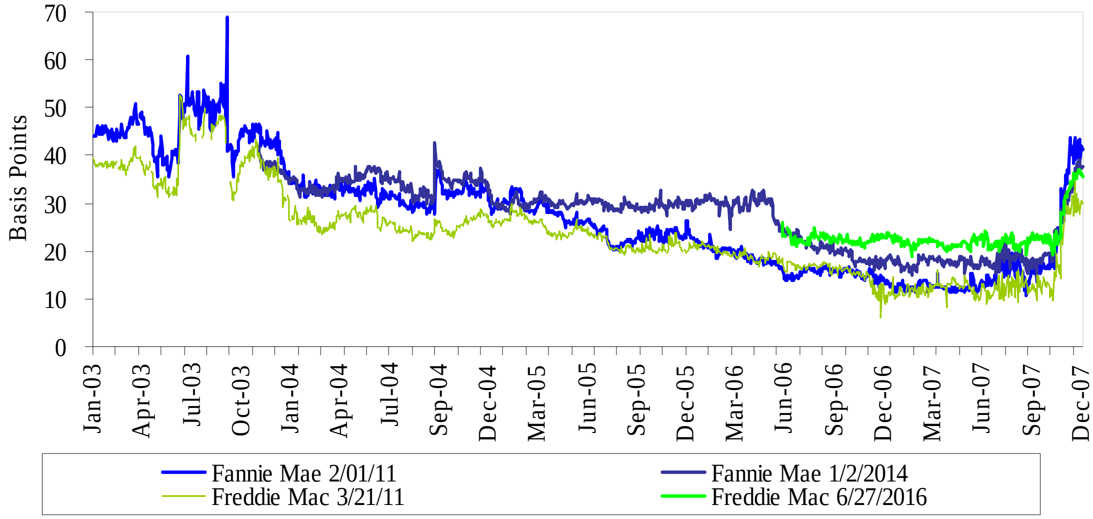
Figure B-1
Enterprise Credit Default Swap Spreads
(5-Year)*



* The data series has been normalized by dividing each trading day's spread by the spread on the first trading day of the year.

Source: OFHEO based on data from Bloomberg Financial LP

Figure 40
Subordinated Debt Spreads to Senior Debt
(10-Year or 12-Year Original Maturity)



Source: OFHEO based on data from Bloomberg Financial LP

Enterprises Tap the Preferred Stock Market to Shore Up Capital

In addition to their activity in the debt market, Fannie Mae and Freddie Mac were also very active in the preferred stock market in 2007. Heavy losses caused an erosion in the Enterprises' regulatory or core capital in the latter part of the year. In order to ensure adequate capital levels, both Enterprises issued significant volumes of preferred stock. After retiring \$1.1 billion in preferred stock in the first half of 2007, Fannie Mae issued \$8.9 billion of preferred stock in the second half in multiple transactions—\$7.9 billion in the fourth quarter alone. The cost of Fannie Mae's issues, which carried different terms, ranged up to 8.3 percent. Freddie Mac issued \$8.6 billion of preferred stock in 2007, also in multiple transactions. That total includes \$1.5 billion issued in the first quarter (\$0.5 billion to complete a planned replacement, initiated in 2006, of \$2.0 billion of common stock with an equal amount of preferred stock and \$1.0 billion to replace additional common stock repurchased in that quarter), and \$0.6 billion to replace higher-cost preferred stock previously redeemed. The total also includes \$6.5 billion of preferred stock issued to bolster Freddie Mac's capital base, including a single offering totaling \$6.0 billion in December. The initial cost of Freddie Mac's preferred stock issues, which also carried different terms, ranged from 5.6 percent to 8.4 percent.

Enterprises Effectively Manage Interest Rate Risk

Fannie Mae and Freddie Mac rely on a mixture of callable debt and derivatives to mitigate their exposure to interest rate risk. Those cash market and financial derivative instruments allow the Enterprises to reduce the effects of movements in the level of interest rates, changes in the shape of the yield curve, and changes in interest rate volatility. The Enterprises also manage their exposure to interest rate risk through asset selection. For instance, increased investment in ARMs in recent years has helped to reduce their exposure to convexity risk. Derivative instruments used by the Enterprises to manage their exposure to interest rate risk include primarily interest rate swaps, options (e.g., swaptions, caps and floors), and futures contracts.

Fluctuating interest rates throughout 2007 caused the Enterprises to alter their hedging strategies primarily by acquiring more interest rate protection. Freddie Mac increased the notional amount of its total interest rate derivatives portfolio from $744.6 billion to $1,241.3 billion in 2007, an increase of more than two-thirds. That increase reflects primarily an increase in interest rate swaps and option-based derivatives. The fair value of Freddie Mac's financial derivative contracts decreased from positive $7.7 billion at the end of 2006 to positive $4.5 billion one year later, due to a decline in swap rates. At year's end, interest rate swaps had a negative fair value of $7.8 billion, whereas option-based and foreign currency swap contracts had a combined positive fair value of about $12.2 billion.

Similar to Freddie Mac, Fannie Mae increased its holdings of derivatives used to manage risk. The notional amount of its risk management derivatives portfolio increased $141.1 billion or almost one-fifth to $886.5 billion. That increase was driven primarily by an increase in the interest rate swap book. The estimated fair value of the Fannie Mae's risk derivative contracts decreased from a net asset of $3.7 billion at the end of 2006 to a net liability of $0.6 billion one year later.

Both Fannie Mae and Freddie Mac make monthly disclosures of their exposure to interest rate risk using various risk measurement tools that indicate the extent of some but not all aspects of their interest rate risks. Currently, Fannie Mae publicly discloses information on its effective duration gap on a monthly basis.[11] That tool measures the difference between the duration of portfolio assets and liabilities. A positive duration gap indicates a greater exposure to declining interest rates, whereas a negative duration gap signals a greater exposure to rising rates. Fannie Mae also reports the fair value sensitivity of its net assets and net portfolio to a 50 and 100 basis point increase and decrease in interest rates.

Freddie Mac's monthly risk disclosures are the duration gap and portfolio market value sensitivity (PMVS). PMVS measures the sensitivity of the Enterprise's portfolio market value attributable to common shareholders to adverse parallel (50 basis points) and non-parallel (25 basis points) shifts in the LIBOR yield curve. Results are expressed as a percentage of the fair value of net assets attributable to common shareholders. The lower the level of PMVS, the better protected the Enterprise is against the assumed changes in interest rate levels or the shape of the yield curve.

Risks, as measured by those indicators, were reasonably well contained in 2007. The duration gap at Fannie Mae averaged less than one month, whereas Freddie Mac's

[11] Beginning with the month of June 2007, Fannie Mae changed the methodology it uses to calculate its monthly effective duration gap. The revised calculation reflects differences between the proportional fair value weightings of its assets and liabilities, based on the daily average for the reported month.

averaged zero months. As of the end of 2007, the effects on the estimated fair value of Fannie Mae's net assets from a hypothetical instantaneous decrease in interest rates of 50 basis points and an increase of 100 basis points were roughly equal—3.0 and 2.8 percent, respectively. The comparable values as of December 31, 2006 were losses of 2.7 and 0.6 percent, respectively.

Freddie Mac also estimates the sensitivity of its portfolio market value at the end of the year assuming an immediate, 100 basis-point parallel shift in the LIBOR yield curve. Those results show a pre-tax loss in portfolio market value of $1.7 billion, about three times the level at the end of 2006 ($560 million).

Enterprise Equity Positions Weaken; Preferred Stock Represents Increasing Share of Regulatory Capital

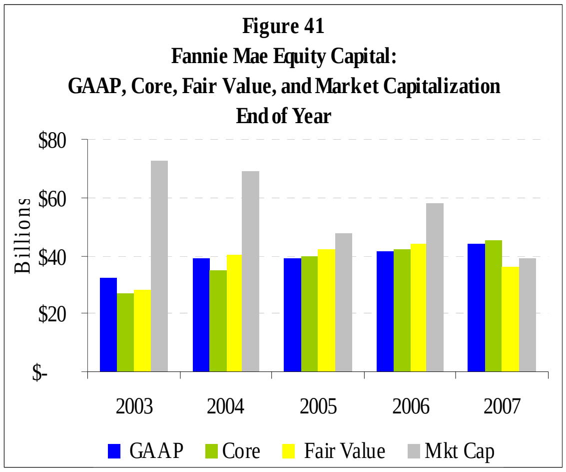
Fannie Mae and Freddie Mac saw their equity positions weaken in 2007, especially their market capitalizations and fair value of net assets. At the end of 2007, total shareholders' equity under GAAP was up 6.0 percent to $44.0 billion at Fannie Mae, the highest year-end level ever (Figure 41). That growth, however, reflects a $7.8 billion net increase in preferred stock, which offset a $4.4 billion decline in retained earnings and $0.9 billion increase in AOCI losses.

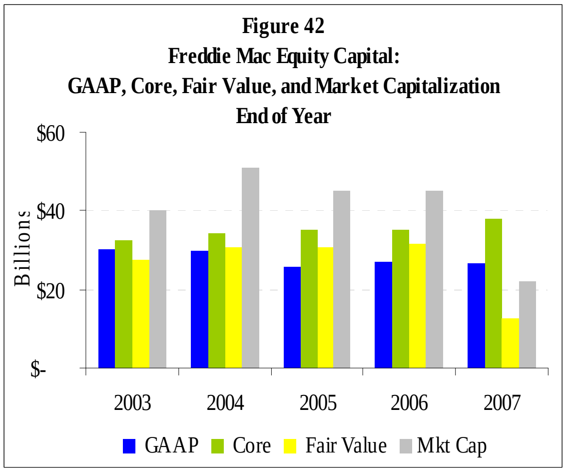
At the same time, however, Freddie Mac saw a small decline in its total shareholders' equity (under GAAP) to $26.7 billion, the lowest level since 2005 (Figure 42). The increase in preferred stock was more than offset by higher accumulated other comprehensive losses associated with mark-to-market losses on the Enterprise's AFS mortgage assets ($3.7 billion in 2007 versus $267 million in 2006) and a reduction in retained earnings.

Both Enterprises saw their core capital, which excludes AOCI, increase—by 8.2 percent or $3.4 billion to $45.4 billion at Fannie Mae, and by 7.1 percent or $2.5 billion to $37.9 billion at Freddie Mac. At the end of 2007, preferred stock represented 37.3 percent of Fannie Mae's core capital, up from 21.7 percent a year earlier. Preferred stock also represented 37.3 percent of the core capital of Freddie Mac, up from about 17.3 percent a year earlier. Concerns about the rising proportion of preferred stock comprising Freddie Mac's capital caused Fitch Ratings to downgrade the Enterprise's preferred stock rating from AA- to A+ in December; the agency's rating for Fannie Mae's preferred stock was AA- at year's end.

Whereas changes in book equity (both GAAP and core capital) were modest at both Fannie Mae and Freddie Mac in 2007, year-over-year changes in their fair value net assets were substantial. Despite the heavy capital infusions, each Enterprise's fair value of net assets tumbled in 2007. Fannie Mae's fair value of net assets fell by 18.1 percent or $7.9 billion to $35.8 billion, the lowest level since 2003 and 18.7 percent below its GAAP equity. Freddie Mac's fair value of net assets fell 60.4 percent or $19.2 billion to $12.6 billion, less than one-half of its book value at the end of the year.

Finally, the market capitalization of Fannie Mae and Freddie Mac, an indicator of investors' views of the Enterprises' future prospects, plummeted in 2007. Fannie Mae's market capitalization decreased by about one-third, to $39.0 billion, about 88 percent of its year-end GAAP equity. Freddie Mac's market capitalization decreased by more than one-half to $22.0 billion, about 82 percent of its year-end GAAP equity.





Source: Fannie Mae and Freddie Mac

Capital Cushions Come under Pressure but Enterprises Maintain Adequate Capital Levels throughout the Year

Fannie Mae and Freddie Mac are subject to capital adequacy standards established by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (the Act). The regulatory framework incorporates two quantitative assessments of capital: a minimum and risk-based capital (RBC) standard. The Act requires the OFHEO Director to determine the capital level and classification of the Enterprises not less than quarterly and to report the results to Congress.

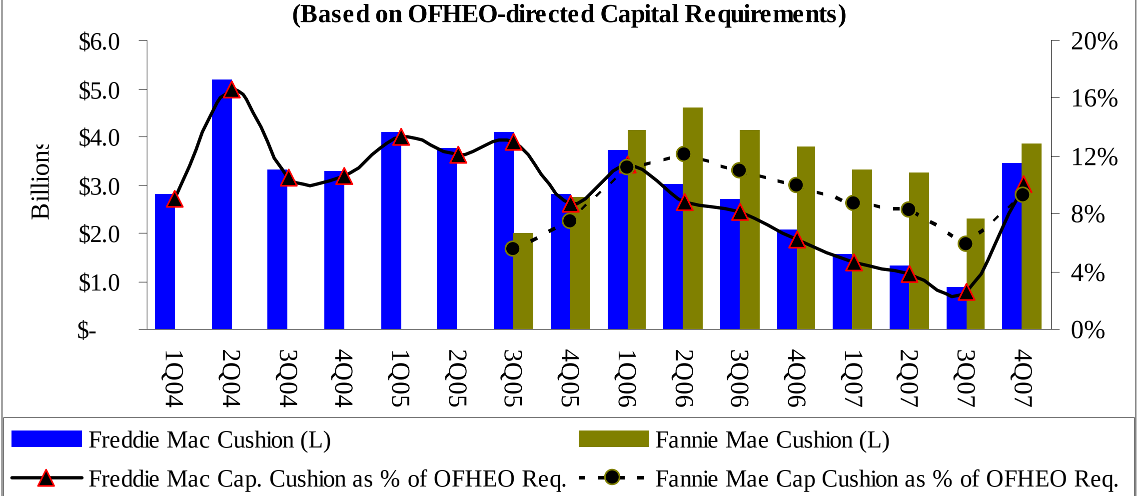
OFHEO classifies the Enterprises as adequately capitalized, undercapitalized, significantly undercapitalized, or critically undercapitalized. Federal statute requires the Enterprises to meet both the minimum capital and RBC standards to be classified as adequately capitalized. Minimum capital represents an essential amount of capital needed to protect an Enterprise against broad categories of business risk. For purposes of minimum capital, an Enterprise is considered adequately capitalized if core capital equals or exceeds its minimum capital requirement. That requirement equals 2.5 percent of assets plus 0.45 percent of adjusted off-balance sheet obligations. Because of elevated operational risk, OFHEO imposed a 30 percent surcharge of the minimum capital requirement on Freddie Mac effective in the first quarter of 2004 and on Fannie Mae effective in the third quarter of 2005.

Each Enterprise's RBC requirement is the amount of total capital—core capital plus a general allowance for loan losses less specific reserves—that the Enterprise must hold to absorb projected losses resulting from adverse interest rate and credit risk conditions specified by statute, plus an additional amount mandated by statute to cover management and operations risk. The RBC standard is based on stress test results calculated for the two statutorily prescribed interest rate scenarios, one in which 10-year Treasury yields rise 75 percent (up-rate scenario) and another in which they fall 50 percent (down-rate scenario). The interest rate movements in both scenarios are generally capped at 600 basis points. Each Enterprise's RBC requirement is the amount of total capital that would enable it to survive the stress test in whichever scenario is more adverse for that Enterprise, plus 30 percent of that amount for management and operations risk.

Since the inception of the dual capital standard, the minimum capital requirement has governed the capital adequacy of Fannie Mae and Freddie Mac. Combined, they were required to hold $4.5 billion more core capital at year-end 2007 than at the end of the previous year. That increase, which includes the 30 percent capital surcharge, was driven largely by expansion of the Enterprises' off-balance sheet obligations as their balance sheet assets shrunk or grew only slightly in 2007. At year-end, Fannie Mae's estimated core capital of $41.5 billion exceeded its OFHEO-directed minimum requirement by $3.9 billion. That represented a 9.3 percent surplus over the OFHEO-directed capital requirement. Freddie Mac's core capital of $34.4 billion exceeded its OFHEO-directed minimum requirement by $3.5 billion as of the end of the year. That represented a 10.0 percent surplus over the OFHEO-directed capital requirement.

While the Enterprises held adequate capital cushions at the end of the year, those cushions grew very low during the course of the year, especially at Freddie Mac, which failed to meet its OFHEO-directed capital requirement at the end of November (without year-end accounting adjustments). Very large capital infusions in the fourth quarter (discussed above) greatly enhanced the Enterprises' year-end capital positions (Figure 43).

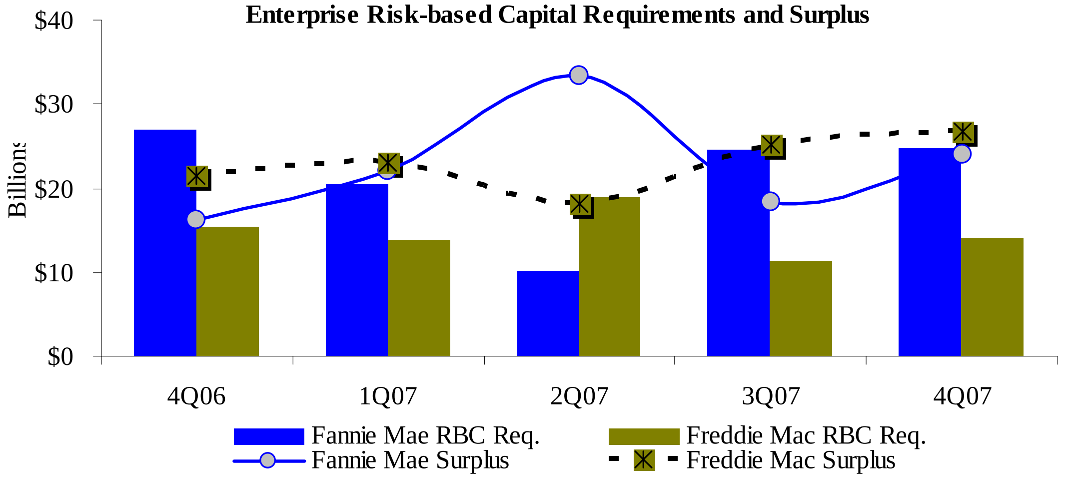
Figure 43
Enterprise Capital Cushions
(Based on OFHEO-directed Capital Requirements)



Source: OFHEO

Fluctuations in interest rates caused the RBC requirements of Fannie Mae and Freddie Mac to vary widely in 2007. Nonetheless, the Enterprises continued to meet their RBC requirements by wide margins. Fannie Mae's requirement ranged from a low of $10.2 billion in the second quarter to a high of $24.7 billion in the fourth quarter. The Enterprise had an estimated total capital of $48.7 billion at the end of 2007, exceeding the RBC requirement in that quarter by $24.0 billion, a factor of nearly two. Fannie Mae's RBC requirement was determined by the down-rate stress test in all but the first quarter (Figure 44).

Figure 44
Enterprise Risk-based Capital Requirements and Surplus



Source: OFHEO

Freddie Mac's RBC requirement ranged from $11.3 billion in the third quarter of 2007 to $18.9 billion in the second quarter—its highest RBC requirement ever. Freddie Mac had total capital of $40.9 billion at the end of 2007, up from $36.7 billion at the end of 2006. That capital exceeded the Enterprise's RBC requirement by $26.8 billion, or more than two times. Like Fannie Mae, Freddie Mac's RBC requirement was determined by the up-rate stress test in the first quarter of the year and the down-rate stress test the remainder of the year.

Both Fannie Mae and Freddie Mac were classified as adequately capitalized at the end of each quarter of 2007.

Historical Data Tables • Table of Contents

Table 1. Fannie Mae Mortgage Purchases

Period	Business Activity ($ in Millions)			
	Purchases[1]			
	Single-Family[2] ($)	Multifamily[2] ($)	Total Mortgages[2] ($)	Mortgage-Related Securities[3] ($)
4Q07	185,676	20,356	206,032	8,985
3Q07	175,811	7,455	183,266	22,939
2Q07	157,342	10,487	167,829	21,775
1Q07	140,537	7,004	147,541	15,537
Annual Data				
2007	659,366	45,302	704,668	69,236
2006	524,379	20,646	545,025	102,666
2005	537,004	21,485	558,489	62,232
2004	588,119	16,386	604,505	176,385
2003	1,322,193	31,196	1,353,389	408,606
2002	804,192	16,772	820,964	268,574
2001	567,673	19,131	586,804	209,124
2000	227,069	10,377	237,446	129,716
1999	316,136	10,012	326,148	169,905
1998	354,920	11,428	366,348	147,260
1997	159,921	6,534	166,455	50,317
1996	164,456	6,451	170,907	46,743
1995	126,003	4,966	130,969	36,258
1994	158,229	3,839	162,068	25,905
1993	289,826	4,135	293,961	6,606
1992	248,603	2,956	251,559	5,428
1991	133,551	3,204	136,755	3,080
1990	111,007	3,180	114,187	1,451
1989	80,510	4,325	84,835	Not Applicable
1988	64,613	4,170	68,783	Before 1990
1987	73,942	1,733	75,675	
1986	77,223	1,877	79,100	
1985	42,543	1,200	43,743	
1984	27,713	1,106	28,819	
1983	26,339	140	26,479	
1982	25,929	10	25,939	
1981	6,827	2	6,829	
1980	8,074	27	8,101	
1979	10,798	9	10,807	
1978	12,302	3	12,305	
1977	4,650	134	4,784	
1976	3,337	295	3,632	
1975	3,646	674	4,320	
1974	4,746	2,273	7,019	
1973	4,170	2,082	6,252	
1972	2,596	1,268	3,864	
1971	2,742	1,298	4,040	

Source: Fannie Mae

1 Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

2 Lender-originated MBS issuances and cash purchases.

3 Not included in total mortgage purchases. Includes purchases of Fannie Mae MBS for the retained mortgage portfolio.

Table 1a. Fannie Mae Mortgage Purchases Detail, By Type of Loan

Period	Purchases ($ in Millions)[1]											
	Single Family Mortgages								Multifamily Mortgages			Total Mortgage Purchases ($)
	Conventional				FHA/VA			Total Single-Family Mortgages ($)	Conventional ($)	FHA/RHS ($)	Total Multi-family Mortgages ($)	
	Fixed-Rate[2] ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate[3] ($)	Adjustable-Rate ($)	Total ($)					
4Q07	166,602	13,073	9	179,684	303	5,689	5,992	185,676	20,356	0	20,356	206,032
3Q07	152,701	20,974	10	173,685	375	1,751	2,126	175,811	7,455	0	7,455	183,266
2Q07	143,258	12,261	9	155,528	64	1,750	1,814	157,342	10,487	0	10,487	167,829
1Q07	120,692	17,825	6	138,523	495	1,519	2,014	140,537	7,004	0	7,004	147,541
Annual Data												
2007	583,253	64,133	34	647,420	1,237	10,709	11,946	659,366	45,302	0	45,302	704,668
2006	429,930	85,313	130	515,373	1,576	7,430	9,006	524,379	20,644	2	20,646	545,025
2005	416,720	111,935	116	528,771	2,285	5,948	8,233	537,004	21,343	142	21,485	558,489
2004	527,456	46,772	51	574,279	9,967	3,873	13,840	588,119	13,684	2,702	16,386	604,505
2003	1,236,045	64,980	93	1,301,118	18,032	3,043	21,075	1,322,193	28,071	3,125	31,196	1,353,389
2002	738,177	48,617	40	786,834	15,810	1,548	17,358	804,192	15,089	1,683	16,772	820,964
2001	534,115	25,648	1,137	560,900	5,671	1,102	6,773	567,673	17,849	1,282	19,131	586,804
2000	187,236	33,809	726	221,771	4,378	920	5,298	227,069	9,127	1,250	10,377	237,446
1999	293,188	12,138	1,198	306,524	8,529	1,084	9,613	316,137	8,858	1,153	10,011	326,148
1998	334,367	14,273	1	348,641	5,768	511	6,279	354,920	10,844	584	11,428	366,348
1997	136,329	21,095	3	157,427	2,062	432	2,494	159,921	5,936	598	6,534	166,455
1996	146,154	15,550	3	161,707	2,415	334	2,749	164,456	6,199	252	6,451	170,907
1995	104,901	17,978	9	122,888	3,009	106	3,115	126,003	4,677	289	4,966	130,969
1994	139,815	16,340	8	156,163	1,953	113	2,066	158,229	3,620	219	3,839	162,068
1993	274,402	14,420	29	288,851	855	120	975	289,826	3,919	216	4,135	293,961
1992	226,332	21,001	136	247,469	1,055	79	1,134	248,603	2,845	111	2,956	251,559
1991	114,321	17,187	705	132,213	1,300	38	1,338	133,551	3,183	21	3,204	136,755
1990	95,011	14,528	654	110,193	799	15	814	111,007	3,165	15	3,180	114,187
1989	60,794	17,692	521	79,007	1,489	14	1,503	80,510	4,309	16	4,325	84,835
1988	35,767	27,492	433	63,692	823	98	921	64,613	4,149	21	4,170	68,783
1987	60,434	10,675	139	71,248	2,649	45	2,694	73,942	1,463	270	1,733	75,675
1986	58,251	7,305	498	66,054	11,155	14	11,169	77,223	1,877	0	1,877	79,100
1985	29,993	10,736	871	41,600	927	16	943	42,543	1,200	0	1,200	43,743
1984	17,998	8,049	937	26,984	729	0	729	27,713	1,106	0	1,106	28,819
1983	18,136	4,853	1,408	24,397	1,942	0	1,942	26,339	128	12	140	26,479
1982	19,311	3,210	1,552	24,073	1,856	0	1,856	25,929	0	10	10	25,939
1981	4,260	107	176	4,543	2,284	0	2,284	6,827	0	2	2	6,829
1980	2,802	0	0	2,802	5,272	0	5,272	8,074	0	27	27	8,101
1979	5,410	0	0	5,410	5,388	0	5,388	10,798	0	9	9	10,807
1978	5,682	0	0	5,682	6,620	0	6,620	12,302	0	3	3	12,305
1977	2,366	0	0	2,366	2,284	0	2,284	4,650	0	134	134	4,784
1976	2,513	0	0	2,513	824	0	824	3,337	0	295	295	3,632
1975	547	0	0	547	3,099	0	3,099	3,646	0	674	674	4,320
1974	1,128	0	0	1,128	3,618	0	3,618	4,746	0	2,273	2,273	7,019
1973	939	0	0	939	3,231	0	3,231	4,170	0	2,082	2,082	6,252
1972	55	0	0	55	2,541	0	2,541	2,596	0	1,268	1,268	3,864
1971	0	0	0	0	2,742	0	2,742	2,742	0	1,298	1,298	4,040

Source: Fannie Mae

1 Includes Lender-originated MBS issuances and cash purchases. Based on unpaid principal balances and excludes mortgage loans traded, but not yet settled.

2 Includes balloon/reset and energy loans.

3 Includes loans guaranteed by the Rural Housing Service.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 1[1]

Period	Purchases ($ in Millions)[1]														
	Fannie Mae Securities				Others' Securities										
	Single-Family				Freddie Mac				Ginnie Mae						
					Single-Family				Single-Family						
	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Fannie Mae ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Ginnie Mae ($)	Total Private-Label ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)
4Q07	2,888	1,045	12	3,945	794	715	0	1,509	0	27	0	27	3,097	407	8,985
3Q07	8,212	2,292	299	10,803	737	1,109	0	1,846	0	0	0	0	10,049	241	22,939
2Q07	4,544	2,761	65	7,370	390	1,915	0	2,305	0	8	0	8	11,965	127	21,775
1Q07	482	2,179	130	2,791	96	316	0	412	0	0	0	0	12,324	10	15,537
Annual Data															
2007	16,126	8,277	506	24,909	2,017	4,055	0	6,072	0	35	0	35	37,435	785	69,236
2006	23,177	14,826	429	38,432	1,044	5,108	0	6,152	77	0	0	77	57,787	218	102,666
2005	8,273	6,344	888	15,505	121	3,449	0	3,570	0	0	0	0	41,369	1,788	62,232
2004	42,300	21,281	1,159	64,740	6,546	8,228	0	14,774	0	0	0	0	90,747	6,124	176,385
2003	341,461	5,842	1,225	348,528	19,340	502	0	19,842	36	0	0	36	34,032	6,168	408,606
2002	238,711	4,219	1,572	244,502	7,856	101	0	7,957	4,425	0	0	4,425	7,416	4,273	268,574
2001	Not Available	Not Available	Not Available	180,582	Not Available	Not Available	Not Available	20,072	Not Available	Not Available	Not Available	333	3,513	4,624	209,124
2000	Before 2002	Before 2002	Before 2002	104,904	Before 2002	Before 2002	Before 2002	10,171	Before 2002	Before 2002	Before 2002	2,493	8,466	3,682	129,716
1999				125,498				6,861				17,561	16,511	3,474	169,905
1998				104,728				21,274				2,738	15,721	2,799	147,260
1997				39,033				2,119				3,508	4,188	1,469	50,317
1996				41,263				779				2,197	777	1,727	46,743
1995				30,432				2,832				20	752	2,222	36,258
1994				21,660				571				2,321	0	1,353	25,905
1993				6,275				0				0	0	331	6,606
1992				4,930				0				0	0	498	5,428
1991				2,384				0				0	0	696	3,080
1990				977				0				0	0	474	1,451

Source: Fannie Mae

[1] Includes purchases of Fannie Mae MBS for the retained mortgage portfolio. Beginning in October 2007, activity does not include transactions recorded as dollar rolls. Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail

Period	Purchases ($ in Millions)[1]								
	Private-Label								
	Single-Family								
		Subprime		Alt-A		Other			
	Manufactured Housing ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multifamily ($)	Total Private-Label ($)
4Q07	0	0	972	0	0	0	0	2,125	3,097
3Q07	0	0	2,992	38	1,839	0	178	5,002	10,049
2Q07	0	0	5,854	0	1,690	0	0	4,421	11,965
1Q07	0	343	5,810	0	1,721	0	0	4,450	12,324
Annual Data									
2007	0	343	15,628	38	5,250	0	178	15,998	37,435
2006	0	0	34,876	1,504	10,443	0	1,274	9,690	57,787
2005	0	0	16,344	3,091	12,535	483	8,814	102	41,369
2004	0	176	34,321	6,978	14,826	221	34,124	101	90,747
2003	0	0	15,881	7,734	370	98	9,888	61	34,032
2002	56	0	2,680	1,165	0	815	2,664	36	7,416
2001	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	3,513
2000	Before 2002	Before 2002	Before 2002	Before 2002	Before 2002	Before 2002	Before 2002	Before 2002	8,466
1999									16,511
1998									15,721
1997									4,188
1996									777
1995									752
1994									0
1993									0
1992									0
1991									0
1990									0

Source: Fannie Mae

1 Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

Table 2. Fannie Mae MBS Issuances[1]

Period	Business Activity ($ in Millions)			
	MBS Issuances[2]			
	Single-Family MBS ($)	Multifamily MBS ($)	Total MBS ($)	Multiclass MBS[3] ($)
4Q07	172,013	4,088	176,101	19,623
3Q07	170,257	947	171,204	26,831
2Q07	148,453	1,426	149,879	36,525
1Q07	131,735	688	132,423	29,584
Annual Data				
2007	622,45[illegible]	[illegible]9	629,607	112,563
2006	476,16[illegible]	[illegible]3	481,704	124,856
2005	500,75[illegible]	[illegible]9	510,138	123,813
2004	545,63[illegible]	[illegible]7	552,482	94,686
2003	1,196,73[illegible]	[illegible]6	1,220,066	260,919
2002	731,13[illegible]	[illegible]7	743,630	170,795
2001	514,621	13,801	528,422	139,403
2000	204,066	7,596	211,662	39,544
1999	292,192	8,497	300,689	55,160
1998	315,120	11,028	326,148	84,147
1997	143,615	5,814	149,429	85,415
1996	144,201	5,668	149,869	30,780
1995	106,269	4,187	110,456	9,681
1994	128,385	2,237	130,622	73,365
1993	220,485	959	221,444	210,630
1992	193,187	850	194,037	170,205
1991	111,488	1,415	112,903	112,808
1990	96,006	689	96,695	68,291
1989	66,489	3,275	69,764	41,715
1988	51,120	3,758	54,878	17,005
1987	62,067	1,162	63,229	9,917
1986	60,017	549	60,566	2,400
1985	23,142	507	23,649	Not Issued
1984	13,087	459	13,546	Before 1986
1983	13,214	126	13,340	
1982	13,970	Not Issued	13,970	
1981	717	Before 1983	717	

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail

Source: Fannie Mae

[1] Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

[2] Lender-originated MBS plus issuances from Fannie Mae's portfolio. Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

[3] Beginning in 2006, includes Grantor Trusts and REMICs as well as stripped MBS backed by Fannie Mae certificates.

Table 3. Fannie Mae Earnings

Period	Earnings ($ in Millions)						
	Net Interest Income[1] ($)	Guarantee Fee Income[2] ($)	Average Guarantee Fee (basis points)	Administrative Expenses ($)	Credit-Related Expenses[3] ($)	Net Income (Loss) ($)	Return on Equity[4] (%)
4Q07	1,136	1,621	28.5	651	2,973	(3,559)	(51.0)
3Q07	1,058	1,232	22.8	660	1,200	(1,399)	(19.4)
2Q07	1,193	1,120	21.5	660	518	1,947	22.6
1Q07	1,194	1,098	21.8	698	321	961	10.1
Annual Data							
2007	4,581	5,071	23.7	2,669	5,012	(2,050)	(8.3)
2006	6,752	4,250	22.2	3,076	783	4,059	11.3
2005	11,505	4,006	22.3	2,115	428	6,347	19.5
2004	18,081	3,784	21.8	1,656	363	4,967	16.6
2003	19,477	3,432	21.9	1,454	353	8,081	27.6
2002	18,426	2,516	19.3	1,156	273	3,914	15.2
2001	8,090	1,482	19.0	1,017	78	5,894	39.8
2000	5,674	1,351	19.5	905	94	4,448	25.6
1999	4,894	1,282	19.3	800	127	3,912	25.2
1998	4,110	1,229	20.2	708	261	3,418	25.2
1997	3,949	1,274	22.7	636	375	3,056	24.6
1996	3,592	1,196	22.4	560	409	2,725	24.1
1995	3,047	1,086	22.0	546	335	2,144	20.9
1994	2,823	1,083	22.5	525	378	2,132	24.3
1993	2,533	961	21.3	443	305	1,873	25.3
1992	2,058	834	21.2	381	320	1,623	26.5
1991	1,778	675	21.0	319	370	1,363	27.7
1990	1,593	536	21.1	286	310	1,173	33.7
1989	1,191	408	21.3	254	310	807	31.1
1988	837	328	21.6	218	365	507	25.2
1987	890	263	22.1	197	360	376	23.5
1986	384	175	23.8	175	306	105	9.5
1985	139	112	25.6	142	206	(7)	(0.7)
1984	(90)	78	26.2	112	86	(71)	(7.4)
1983	(9)	54	26.3	81	48	49	5.1
1982	(464)	16	27.2	60	36	(192)	(18.9)
1981	(429)	0	25.0	49	(28)	(206)	(17.2)
1980	21	Not Available	Not Available	44	19	14	0.9
1979	322	Before 1981	Before 1981	46	35	162	11.3
1978	294			39	36	209	16.5
1977	251			32	28	165	15.3
1976	203			30	25	127	13.8
1975	174			27	16	115	14.1
1974	142			23	17	107	14.7
1973	180			18	12	126	20.3
1972	138			13	5	96	18.8
1971	49			15	4	61	14.4

Source: Fannie Mae

1 Interest income net of interest expense. Beginning November 2006, fees received from the interest earned on cash flows between the date of remittance of mortgage and other payments to Fannie Mae by servicers and the date of distribution of these payments to MBS investors are excluded from "Net Interest Income."

2 2003, 2004, and 2005 amounts previously recorded as a component of "Fee and Other Income" in Fannie Mae's consolidated statements of operations have been reclassified as and are reported above as "Guarantee Fee Income" to conform to the current year presentation in Fannie Mae's 2007 10-K.

3 Credit-related expenses include the provision for credit losses and foreclosed property expense (income).

4 Net income (loss) available to common stockholders divided by average outstanding common equity.

Table 4. Fannie Mae Balance Sheet[1]

End of Period	Balance Sheet ($ in Millions)							Mortgage-Backed Securities Outstanding ($ in Millions)[2]	
	Total Assets[3] ($)	Total Retained Mortgage Portfolio[4] ($)	Non-Mortgage Investments[5] ($)	Debt Outstanding ($)	Shareholders' Equity ($)	Core Capital[6] ($)	Fair Value of Net Assets ($)	Total MBS Outstanding[7] ($)	Multiclass MBS Outstanding[8] ($)
4Q07	882,547	723,620	86,875	796,299	44,011	45,373	35,799	2,118,909	490,692
3Q07	839,783	724,162	47,331	761,765	39,922	41,713	34,177	2,003,382	489,037
2Q07	857,802	720,011	68,716	780,679	39,670	42,690	N/A	1,907,658	485,430
1Q07	839,464	716,536	65,793	764,944	41,431	41,710	N/A	1,845,531	468,358
Annual Data									
2007	882,547	723,620	86,875	796,299	44,011	45,373	35,799	2,118,909	490,692
2006	843,936	726,434	56,983	767,046	41,506	41,950	43,699	1,777,550	456,970
2005	834,168	736,803	46,016	764,010	39,302	39,433	42,199	1,598,918	412,060
2004	1,020,934	925,194	47,839	953,111	38,902	34,514	40,094	1,408,047	368,567
2003	1,022,275	919,589	59,518	961,280	32,268	26,953	28,393	1,300,520	398,516
2002	904,739	820,627	39,376	841,293	31,899	20,431	22,130	1,040,439	401,406
2001	799,948	706,347	65,982	763,467	18,118	25,182	22,675	863,445	392,457
2000	675,224	607,731	52,347	642,682	20,838	20,827	20,677	706,722	334,508
1999	575,308	523,103	37,299	547,619	17,629	17,876	20,525	679,145	335,514
1998	485,146	415,434	58,515	460,291	15,453	15,465	14,885	637,143	361,613
1997	391,673	316,592	64,596	369,774	13,793	13,793	15,982	579,138	388,360
1996	351,041	286,528	56,606	331,270	12,773	12,773	14,556	548,173	339,798
1995	316,550	252,868	57,273	299,174	10,959	10,959	11,037	513,230	353,528
1994	272,508	220,815	46,335	257,230	9,541	9,541	10,924	486,345	378,733
1993	216,979	190,169	21,396	201,112	8,052	8,052	9,126	471,306	381,865
1992	180,978	156,260	19,574	166,300	6,774	Not Applicable	9,096	424,444	312,369
1991	147,072	126,679	9,836	133,937	5,547	Before 1993	Not Available	355,284	224,806
1990	133,113	114,066	9,868	123,403	3,941		Before 1992	288,075	127,278
1989	124,315	107,981	8,338	116,064	2,991			216,512	64,826
1988	112,258	100,099	5,289	105,459	2,260			170,097	26,660
1987	103,459	93,665	3,468	97,057	1,811			135,734	11,359
1986	99,621	94,123	1,775	93,563	1,182			95,568	Not Issued
1985	99,076	94,609	1,466	93,985	1,009			54,552	Before 1987
1984	87,798	84,135	1,840	83,719	918			35,738	
1983	78,383	75,247	1,689	74,594	1,000			25,121	
1982	72,981	69,356	2,430	69,614	953			14,450	
1981	61,578	59,629	1,047	58,551	1,080			717	
1980	57,879	55,589	1,556	54,880	1,457			Not Issued	
1979	51,300	49,777	843	48,424	1,501			Before 1981	
1978	43,506	42,103	834	40,985	1,362				
1977	33,980	33,252	318	31,890	1,173				
1976	32,393	31,775	245	30,565	983				
1975	31,596	30,820	239	29,963	861				
1974	29,671	28,666	466	28,168	772				
1973	24,318	23,589	227	23,003	680				
1972	20,346	19,652	268	19,239	559				
1971	18,591	17,886	349	17,672	460				

Source: Fannie Mae

N/A = not available

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

3 Beginning in 1998, the guaranty liability for Fannie Mae MBS held in the portfolio is classified as a liability.

4 Gross retained portfolio net of unamortized purchase premiums, discounts and cost basis adjustments and, beginning in 2002, fair value adjustments on available-for-sale and trading securities as well as impairments on available-for-sale securities. Excludes the allowance for loan losses on loans held for investment. The amounts for 1999 through 2001 include certain loans held for investment that were previously classified as non-mortgage investments.

5 Data reflect unpaid principal balance net of unamortized purchase premiums, discounts and cost basis adjustments, as well as fair value adjustments and impairments on available for sale securities. Since 2005, advances to lenders are not included. Amounts for periods prior to 2005 may include or consist of advances to lenders. Prior to 1982, the majority of non-mortgage investments consisted of U.S. government securities and agency securities.

6 The sum of (a) the stated value of outstanding common stock (common stock less treasury stock); (b) the stated value of outstanding noncumulative perpetual preferred stock; (c) paid-in capital; and (d) retained earnings, less treasury stock. Core capital excludes accumulated other comprehensive income.

7 Unpaid principal balance of Fannie Mae MBS held by third-party investors. The principal balance of resecuritized Fannie Mae MBS is included only once.

8 Beginning in 2006, includes securities guaranteed by Fannie Mae that are backed by Ginnie Mae collateral and Grantor Trusts and REMICs as well as stripped MBS backed by Fannie Mae certificates.

Table 4a. Fannie Mae Total MBS Outstanding Detail[1]

End of Period	Single-Family Mortgages ($ in Millions)[2]							Multifamily Mortgages ($ in Millions)[2]			Total MBS Outstanding[3] ($)
	Conventional				FHA/VA						
	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Conventional ($)	FHA/RHS ($)	Total Multi-family ($)	
4Q07	1,850,150	214,245	0	2,064,395	14,982	275	15,257	38,218	1,039	39,257	2,118,909
3Q07	1,725,967	222,766	0	1,948,733	15,418	302	15,720	37,780	1,149	38,929	2,003,382
2Q07	1,628,478	223,100	0	1,851,578	15,845	349	16,194	38,648	1,238	39,886	1,907,658
1Q07	1,555,019	231,790	0	1,786,809	16,778	393	17,171	40,255	1,296	41,551	1,845,531
Annual Data											
2007	1,850,150	214,245	0	2,064,395	14,982	275	15,257	38,218	1,039	39,257	2,118,909
2006	1,484,147	230,667	0	1,714,814	18,615	454	19,069	42,184	1,483	43,667	1,777,550
2005	1,290,354	232,689	0	1,523,043	23,065	668	23,733	50,346	1,796	52,142	1,598,918
2004	1,243,343	75,722	0	1,319,065	31,389	949	32,336	47,386	9,260	56,646	1,408,047
2003	1,112,849	87,373	0	1,200,222	36,139	1,268	37,407	53,720	9,171	62,891	1,300,520
2002	875,260	75,430	0	950,690	36,057	1,247	37,304	47,025	5,420	52,445	1,040,439
2001	752,211	60,842	772	813,825	4,519	1,207	5,726	42,713	1,181	43,894	863,445
2000	599,999	61,495	1,165	662,659	6,778	1,298	8,076	35,207	780	35,987	706,722
1999	586,069	51,474	1,212	638,755	7,159	1,010	8,169	31,518	703	32,221	679,145
1998	545,680	56,903	98	602,681	5,340	587	5,927	28,378	157	28,535	637,143
1997	483,982	70,106	7	554,095	3,872	213	4,085	20,824	134	20,958	579,138
1996	460,866	65,682	9	526,557	4,402	191	4,593	16,912	111	17,023	548,173
1995	431,755	63,436	13	495,204	5,043	91	5,134	12,579	313	12,892	513,230
1994	415,692	55,780	18	471,490	5,628	0	5,628	8,908	319	9,227	486,345
1993	405,383	49,987	28	455,398	7,549	0	7,549	8,034	325	8,359	471,306
1992	360,619	45,718	43	406,380	9,438	0	9,438	8,295	331	8,626	424,444
1991	290,038	45,110	89	335,237	11,112	0	11,112	8,599	336	8,935	355,284
1990	225,981	42,443	121	268,545	11,380	0	11,380	7,807	343	8,150	288,075
1989	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	216,512
1988	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	170,097
1987											135,734
1986											95,568
1985											54,552
1984											35,738
1983											25,121
1982											14,450
1981											717
1980											Not Issued Before 1981

Source: Fannie Mae

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Unpaid principal balance of Fannie Mae MBS held by third party investors. The principal balance of resecuritized Fannie Mae MBS is included only once.

3 Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

Table 5. Fannie Mae Retained Mortgage Portfolio Detail[1]

($ in Millions)					
End of Period	Whole Loans[2,3] ($)	Fannie Mae Securities[2,4] ($)	Others' Mortgage-Related Securities[2,4] ($)	Unamortized Premiums, Discounts, Deferred Adjustments, and Fair Value Adjustments on Securities[5] ($)	Total Retained Mortgage Portfolio ($)
4Q07	403,577	180,163	144,163	(4,283)	723,620
3Q07	399,420	175,290	153,868	(4,416)	724,162
2Q07	392,690	179,860	154,099	(6,638)	720,011
1Q07	386,372	183,157	148,593	(1,586)	716,536
Annual Data					
2007	403,577	180,163	144,163	(4,283)	723,620
2006	383,045	199,644	146,243	(2,498)	726,434
2005	366,680	234,451	136,758	(1,086)	736,803
2004	400,157	344,404	172,648	7,985	925,194
2003	397,633	405,922	105,313	10,721	919,589
2002	323,244	380,383	96,152	20,848	820,627
2001	167,405	431,776	109,270	(2,104)	706,347
2000	152,634	351,066	106,551	(2,520)	607,731
1999	149,231	281,714	93,122	(964)	523,103
1998	155,779	197,375	61,361	919	415,434
1997	160,102	130,444	26,132	(86)	316,592
1996	167,891	102,607	16,554	(525)	286,528
1995	171,481	69,729	12,301	(643)	252,868
1994	170,909	43,998	7,150	(1,242)	220,815
1993	163,149	24,219	3,493	(692)	190,169
1992	134,597	20,535	2,987	(1,859)	156,260
1991	109,251	16,700	3,032	(2,304)	126,679
1990	101,797	11,758	3,073	(2,562)	114,066
1989	95,729	11,720	3,272	(2,740)	107,981
1988	92,220	8,153	2,640	(2,914)	100,099
1987	89,618	4,226	2,902	(3,081)	93,665
1986	94,167	1,606	2,060	(3,710)	94,123
1985	97,421	435	793	(4,040)	94,609
1984	87,205	477	427	(3,974)	84,135
1983	77,983	Not Available	273	(3,009)	75,247
1982	71,777	Before 1984	37	(2,458)	69,356
1981	61,411		1	(1,783)	59,629
1980	57,326		1	(1,738)	55,589
1979	51,096		1	(1,320)	49,777
1978	43,315		Not Available	(1,212)	42,103
1977	34,377		Before 1979	(1,125)	33,252
1976	32,937			(1,162)	31,775
1975	31,916			(1,096)	30,820
1974	29,708			(1,042)	28,666
1973	24,459			(870)	23,589
1972	20,326			(674)	19,652
1971	18,515			(629)	17,886

Source: Fannie Mae

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

3 Beginning with 2002, includes mortgage-related securities that were consolidated as loans as of period end. For 1999, 2000, and 2001, includes certain loans held for investment that were classified as non-mortgage investments.

4 Beginning with 2002, excludes mortgage-related securities that were consolidated as loans as of period end.

5 Beginning in 2002, amounts include fair value adjustments and impairments on mortgage-related securities and securities commitments classified as trading and available-for-sale. Excludes the allowance for loan losses on loans held for investment.

Table 5a. Fannie Mae Retained Mortgage Portfolio Detail - Whole Loans[1]

End of Period	Whole Loans ($ in Millions)[2]								
	Single-Family					Multifamily			Total Whole Loans ($)
	Conventional								
	Fixed-Rate[3] ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Total FHA/VHA[4] ($)	Conventional ($)	FHA/RHS ($)	Total ($)	
4Q07	240,090	43,278	261	283,629	28,202	90,931	815	91,746	403,577
3Q07	247,293	51,296	265	298,854	23,101	76,606	859	77,465	399,420
2Q07	249,321	48,903	269	298,493	21,970	71,332	895	72,227	392,690
1Q07	252,806	47,364	276	300,446	21,018	63,980	928	64,908	386,372
Annual Data									
2007	240,090	43,278	261	283,629	28,202	90,931	815	91,746	403,577
2006	255,490	46,820	287	302,597	20,106	59,374	968	60,342	383,045
2005	261,214	38,331	220	299,765	15,036	50,731	1,148	51,879	366,680
2004	307,048	38,350	177	345,575	10,112	43,396	1,074	44,470	400,157
2003	335,812	19,155	233	355,200	7,284	33,945	1,204	35,149	397,633
2002	282,899	12,142	416	295,457	6,404	19,485	1,898	21,383	323,244
2001	140,454	10,427	917	151,798	5,069	8,987	1,551	10,538	167,405
2000	125,786	13,244	480	139,510	4,763	6,547	1,814	8,361	152,634
1999	130,614	6,058	176	136,848	4,472	5,564	2,347	7,911	149,231
1998	135,351	7,633	206	143,190	4,404	5,590	2,595	8,185	155,779
1997	134,543	10,389	268	145,200	4,631	7,388	2,883	10,271	160,102
1996	137,507	12,415	323	150,245	4,739	9,756	3,151	12,907	167,891
1995	137,032	14,756	423	152,211	4,780	11,175	3,315	14,490	171,481
1994	133,882	16,475	537	150,894	4,965	11,681	3,369	15,050	170,909
1993	123,308	19,175	772	143,255	5,305	11,143	3,446	14,589	163,149
1992	91,500	22,637	1,355	115,492	6,097	9,407	3,601	13,008	134,597
1991	69,130	19,763	2,046	90,939	6,962	7,641	3,709	11,350	109,251
1990	61,873	19,558	1,851	83,282	8,524	6,142	3,849	9,991	101,797
1989	55,638	20,751	1,614	78,003	9,450	3,926	4,350	8,276	95,729
1988	53,090	20,004	1,561	74,655	10,480	2,699	4,386	7,085	92,220
1987	55,913	13,702	1,421	71,036	11,652	2,448	4,482	6,930	89,618
1986	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	94,167
1985	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	97,421
1984									87,205
1983									77,983
1982									71,777
1981									61,411
1980									57,326
1979									51,096
1978									43,315
1977									34,377
1976									32,937
1975									31,916
1974									29,708
1973									24,459
1972									20,326
1971									18,515

Source: Fannie Mae

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Based on unpaid principal balances and excludes mortgage loans traded, but not yet settled. Beginning with 2002, includes mortgage-related securities that were consolidated as loans as of period end. For 1999, 2000, and 2001 includes certain loans held for investment that were classified as non-mortgage investments.

3 Includes balloon/reset loans.

4 Includes loans guaranteed by the Rural Housing Service.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 1, Mortgage-Related Securities[1]

End of Period	Mortgage-Related Securities ($ in Millions)[2]													
	Fannie Mae Securities ($)				Others' Securities									
	Single-Family				Freddie Mac				Ginnie Mae					
					Single-Family				Single-Family					
	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Fannie Mae ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Ginnie Mae ($)	Total Private-Label ($)	Total Others' Securities ($)
4Q07	158,863	20,741	559	180,163	16,954	14,425	0	31,379	1,575	34	50	1,659	94,810	127,848
3Q07	168,987	5,777	526	175,290	16,748	14,227	0	30,975	1,637	9	50	1,696	105,041	137,712
2Q07	175,368	3,926	566	179,860	16,988	13,876	0	30,864	1,721	9	56	1,786	105,090	137,740
1Q07	178,373	4,224	560	183,157	16,720	12,592	0	29,312	1,814	0	56	1,870	100,786	131,968
Annual Data														
2007	158,863	20,741	559	180,163	16,954	14,425	0	31,379	1,575	34	50	1,659	94,810	127,848
2006	194,702	4,342	600	199,644	17,304	12,773	0	30,077	1,905	0	56	1,961	97,281	129,319
2005	230,546	3,030	875	234,451	18,850	9,861	0	28,711	2,273	0	57	2,330	86,915	117,956
2004	339,138	3,869	1,397	344,404	29,328	8,235	0	37,563	4,131	1	68	4,200	108,809	150,572
2003	400,863	3,149	1,910	405,922	30,356	558	0	30,914	6,993	0	68	7,061	46,979	84,954
2002	373,958	3,827	2,598	380,383	32,617	207	0	32,824	15,436	0	85	15,521	28,157	76,502
2001	417,796	5,648	8,332	431,776	42,516	287	26	42,829	18,779	1	109	18,889	29,175	90,893
2000	Not Available	Not Available	Not Available	351,066	Not Available	Not Available	Not Available	33,290	Not Available	Not Available	Not Available	23,768	34,266	91,324
1999	Before 2001	Before 2001	Before 2001	281,714	Before 2001	Before 2001	Before 2001	25,577	Before 2001	Before 2001	Before 2001	23,701	31,673	80,951
1998				197,375				23,453				8,638	19,585	51,676
1997				130,444				5,262				7,696	5,554	18,512
1996				102,607				3,623				4,780	1,486	9,889
1995				69,729				3,233				2,978	747	6,958
1994				43,998				564				3,182	1	3,747
1993				24,219				Not Available				972	2	974
1992				20,535				Before 1994				168	3	171
1991				16,700								180	93	273
1990				11,758								191	352	543
1989				11,720								202	831	1,033
1988				8,153								26	810	836
1987				4,226								Not Available	1,036	1,036
1986				1,606								Before 1988	1,591	1,591
1985				435									Not Available	Not Available
1984				477									Before 1986	Before 1986
1983				Not Available										
				Before 1984										

Source: Fannie Mae

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Unpaid principal balance. Beginning with 2002, excludes mortgage-related securities that were consolidated as loans as of period end.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities, Private-Label Detail[1]

End of Period	Mortgage-Related Securities ($ in Millions)[2]								
	Private-Label								
	Single-Family								
	Manufactured Housing ($)	Subprime		Alt-A		Other		Multifamily ($)	Total Private-Label ($)
		Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)		
4Q07	3,316	503	31,537	9,221	23,254	319	1,187	25,473	94,810
3Q07	3,449	523	42,307	9,477	24,343	329	1,232	23,381	105,041
2Q07	3,599	598	47,021	17,684	16,068	368	1,228	18,524	105,090
1Q07	3,752	229	46,026	18,648	15,889	385	1,587	14,270	100,786
Annual Data									
2007	3,316	503	31,537	9,221	23,254	319	1,187	25,473	94,810
2006	3,902	242	44,940	19,601	15,522	1,134	2,083	9,857	97,281
2005	4,622	311	27,597	11,403	21,135	1,029	20,775	43	86,915
2004	5,461	1,666	39,897	11,609	14,164	1,536	34,417	59	108,809
2003	6,522	409	16,440	7,579	383	3,824	11,726	96	46,979
2002	9,583	635	3,017	1,574	20	8,342	4,842	144	28,157
2001	10,708	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	299	29,175
2000	Not Available	Before 2002	Before 2002	Before 2002	Before 2002	Before 2002	Before 2002	Not Available	34,266
1999	Before 2001							Before 2001	31,673
1998									19,585
1997									5,554
1996									1,486
1995									747
1994									1
1993									2
1992									3
1991									93
1990									352
1989									831
1988									810
1987									1,036
1986									1,591
1985									Not Available
1984									Before 1986
1983									

Source: Fannie Mae

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Unpaid principal balance. Beginning with 2002, excludes mortgage-related securities that were consolidated as loans as of period end.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 3, Mortgage-Related Securities[1]

End of Period	Mortgage-Related Securities ($ in Millions)		($ in Millions)	
	Mortgage Revenue Bonds[2] ($)	Total Mortgage-Related Securities[2] ($)	Unamortized Premiums, Discounts, Deferred Adjustments, and Fair Value Adjustments on Securities[3] ($)	Total Retained Mortgage Portfolio ($)
4Q07	16,315	324,326	(4,283)	723,620
3Q07	16,156	329,158	(4,416)	724,162
2Q07	16,359	333,959	(6,638)	720,011
1Q07	16,625	331,750	(1,586)	716,536
Annual Data				
2007	16,315	324,326	(4,283)	723,620
2006	16,924	345,887	(2,498)	726,434
2005	18,802	371,209	(1,086)	736,803
2004	22,076	517,052	7,985	925,194
2003	20,359	511,235	10,721	919,589
2002	19,650	476,535	20,848	820,627
2001	18,377	541,046	(2,104)	706,347
2000	15,227	457,617	(2,520)	607,731
1999	12,171	374,836	(964)	523,103
1998	9,685	258,736	919	415,434
1997	7,620	156,576	(86)	316,592
1996	6,665	119,161	(525)	286,527
1995	5,343	82,030	(643)	252,868
1994	3,403	51,148	(1,242)	220,815
1993	2,519	27,712	(692)	190,169
1992	2,816	23,522	(1,859)	156,260
1991	2,759	19,732	(2,304)	126,679
1990	2,530	14,831	(2,562)	114,066
1989	2,239	14,992	(2,740)	107,981
1988	1,804	10,793	(2,914)	100,099
1987	1,866	7,128	(3,081)	93,665
1986	469	Not Available	(3,710)	94,123
1985	Not Available	Before 1987	(4,040)	95,250
1984	Before 1986		(3,974)	84,695
1983			(3,009)	75,782
1982			(2,458)	69,842
1981			(1,783)	59,949
1980			(1,738)	55,878
1979			(1,320)	49,777
1978			(1,212)	42,103
1977			(1,125)	33,252
1976			(1,162)	31,775
1975			(1,096)	30,821
1974			(1,042)	28,665
1973			(870)	23,579
1972			(674)	19,650
1971			(629)	17,886

Source: Fannie Mae

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Unpaid principal balance.

3 Beginning in 2002, amounts include fair value adjustments and impairments on mortgage-related securities and securities commitments classified as trading and available-for-sale. Excludes the allowance for loan losses on loans held for investment.

Table 6. Fannie Mae Financial Derivatives[1]

End of Period	Financial Derivatives - Notional Amount Outstanding ($ in Millions)						
	Interest Rate Swaps[2] ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency Contracts ($)	OTC Futures, Options, and Forward Rate Agreements ($)	Mandatory Mortgage Purchase & Sell Commitments ($)	Other ($)	Total ($)
4Q07	671,274	2,250	2,559	210,381	55,366	0	941,830
3Q07	595,464	2,750	3,642	212,509	84,632	0	898,997
2Q07	560,234	6,250	4,469	215,075	58,956	0	844,984
1Q07	486,470	9,500	4,959	204,075	41,588	0	746,592
Annual Data							
2007	671,274	2,250	2,559	210,381	55,366	0	941,830
2006	516,571	14,000	4,551	210,271	39,928	0	785,321
2005	317,470	33,000	5,645	288,000	39,194	0	683,309
2004	256,216	104,150	11,453	318,275	40,600	0	730,694
2003	598,288	130,350	5,195	305,175	43,560	0	1,082,568
2002	253,211	122,419	3,932	275,625	Not Available	0	655,187
2001	299,953	75,893	8,493	148,800	Before 2003	0	533,139
2000	227,651	33,663	9,511	53,915		0	324,740
1999	192,032	28,950	11,507	41,081		1,400	274,970
1998	142,846	14,500	12,995	13,481		3,735	187,557
1997	149,673	100	9,968	0		1,660	161,401
1996	158,140	300	2,429	0		350	161,219
1995	125,679	300	1,224	29		975	128,207
1994	87,470	360	1,023	0		1,465	90,317
1993	49,458	360	1,023	0		1,425	52,265
1992	24,130	0	1,177	0		1,350	26,658
1991	9,100	0	Not Available	50		1,050	10,200
1990	4,800	0	Before 1992	25		1,700	6,525

Source: Fannie Mae

1 Beginning in 2002, derivatives are accounted for on a trade-date basis. For periods prior to 2002, derivatives are accounted for on a settlement-date basis.

2 Beginning in 2002, includes MBS options, swap credit enhancements, and forward-starting debt.

Table 7. Fannie Mae Non-Mortgage Investments[1]

End of Period	Non-Mortgage Investments ($ in Millions)[2]					
	Federal Funds and Eurodollars ($)	Asset Backed Securities ($)	Repurchase Agreements[3] ($)	Commercial Paper and Corporate Debt[4] ($)	Other[5] ($)	Total ($)
4Q07	43,510	15,511	5,250	13,515	9,089	86,875
3Q07	7,800	20,367	0	18,926	238	47,331
2Q07	16,195	22,239	0	25,594	4,688	68,716
1Q07	13,938	21,218	0	25,778	4,859	65,793
Annual Data						
2007	43,510	15,511	5,250	13,515	9,089	86,875
2006	9,410	18,914	0	27,604	1,055	56,983
2005	8,900	19,190	0	16,979	947	46,016
2004	3,860	25,644	0	16,435	1,829	47,839
2003	12,575	26,862	0	17,700	2,270	59,518
2002	150	22,312	181	14,659	2,074	39,376
2001	16,089	20,937	808	23,805	4,343	65,982
2000	7,539	17,512	87	8,893	18,316	52,347
1999	4,837	19,207	122	1,723	11,410	37,299
1998	7,926	20,993	7,556	5,155	16,885	58,515
1997	19,212	16,639	6,715	11,745	10,285	64,596
1996	21,734	14,635	4,667	6,191	9,379	56,606
1995	19,775	9,905	10,175	8,629	8,789	57,273
1994	17,593	3,796	9,006	7,719	8,221	46,335
1993	4,496	3,557	4,684	0	8,659	21,396
1992	6,587	4,124	3,189	0	5,674	19,574
1991	2,954	2,416	2,195	0	2,271	9,836
1990	5,329	1,780	951	0	1,808	9,868
1989	5,158	1,107	0	0	2,073	8,338
1988	4,125	481	0	0	683	5,289
1987	2,559	25	0	0	884	3,468
1986	1,530	0	0	0	245	1,775
1985	1,391	0	0	0	75	1,466
1984	1,575	0	0	0	265	1,840
1983	9	0	0	0	227	236
1982	1,799	0	0	0	631	2,430
1981	Not Available	Not Available	Not Available	Not Available	Not Available	1,047
1980	Before 1982	Before 1982	Before 1982	Before 1982	Before 1982	1,556
1979						843
1978						834
1977						318
1976						245
1975						239
1974						466
1973						227
1972						268
1971						349

Source: Fannie Mae

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Data reflect unpaid principal balance net of unamortized purchase premium, discounts and cost basis adjustments and fair value adjustments and impairments on available-for-sale securities. Prior to 1982, the majority of non-mortgage investments consisted of U.S. government and agency securities.

3 Since 2005, advances to lenders are not included in the data. Amounts for periods prior to 2005 may include or consist of advances to lenders. Includes tri-party repo.

4 Includes commercial paper, floating-rate notes, taxable auction notes, corporate bonds and auction-rate preferred stock. Starting with 2006, medium-term notes previously reported in Other are included in Commercial Paper.

5 Includes Yankee and domestic CDs.

Table 8. Fannie Mae Mortgage Asset Quality[1]

End of Period	Mortgage Asset Quality: Single-Family Delinquency Rate[2] (%)	Multifamily Delinquency Rate[3] (%)	Credit Losses as a Proportion of the Guarantee Book of Business[4, 5] (%)	REO as a Proportion of the Guarantee Book of Business[5, 6] (%)	Credit-Enhanced Outstanding as a Proportion of the Guarantee Book of Business[6, 7] (%)
4Q07	0.98	0.08	0.08	0.13	22.1
3Q07	0.78	0.08	0.05	0.12	21.5
2Q07	0.64	0.09	0.04	0.11	22.7
1Q07	0.62	0.09	0.03	0.10	22.2
Annual Data					
2007	0.98	0.08	0.05	0.13	22.1
2006	0.65	0.08	0.02	0.09	22.3
2005	0.79	0.32	0.01	0.08	21.8
2004	0.63	0.11	0.01	0.07	20.5
2003	0.60	0.29	0.01	0.06	22.6
2002	0.57	0.08	0.01	0.05	26.8
2001	0.55	0.27	0.01	0.04	34.2
2000	0.45	0.07	0.01	0.05	40.4
1999	0.47	0.11	0.01	0.06	20.9
1998	0.56	0.23	0.03	0.08	17.5
1997	0.62	0.37	0.04	0.10	12.8
1996	0.58	0.68	0.05	0.11	10.5
1995	0.56	0.81	0.05	0.08	10.6
1994	0.47	1.21	0.06	0.10	10.2
1993	0.48	2.34	0.04	0.10	10.6
1992	0.53	2.65	0.04	0.09	15.6
1991	0.64	3.62	0.04	0.07	22.0
1990	0.58	1.70	0.06	0.09	25.9
1989	0.69	3.20	0.07	0.14	Not Available
1988	0.88	6.60	0.11	0.15	Before 1990
1987	1.12	Not Available	0.11	0.18	
1986	1.38	Before 1988	0.12	0.22	
1985	1.48		0.13	0.32	
1984	1.65		0.09	0.33	
1983	1.49		0.05	0.35	
1982	1.41		0.01	0.20	
1981	0.96		0.01	0.13	
1980	0.90		0.01	0.09	
1979	0.56		0.02	0.11	
1978	0.55		0.02	0.18	
1977	0.46		0.02	0.26	
1976	1.58		0.03	0.27	
1975	0.56		0.03	0.51	
1974	0.51		0.02	0.52	
1973	Not Available		0.00	0.61	
1972	Before 1974		0.02	0.98	
1971			0.01	0.59	

Source: Fannie Mae

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Beginning with 1998, data include all seriously delinquent conventional loans with and without primary mortgage insurance and/or credit enhancement. Prior to 1988, data include all seriously delinquent loans for which Fannie Mae had primary risk of loss. Data prior to 1992 include loans in relief or bankruptcy, even if the loans are less than 90 days delinquent.

3 Beginning in 2002, data includes all loans and securities 60 days or more past due and is calculated based on unpaid principal balance of delinquent multifamily loans owned by Fannie Mae or underlying Fannie Mae guaranteed securities. Beginning in 1998, data include all loans and securities 60 days or more past due and is calculated based on mortgage credit book of business. Data prior to 1998 include loans for which Fannie Mae had primary risk of loss. 2006 data have been updated to reflect new methodology.

4 Credit losses are charge-offs, net of recoveries and foreclosed property expense (income); average balances used to calculate ratios subsequent to 1994; quarterly data are annualized. Beginning in 2005, credit losses exclude the impact of SOP 03-3.

5 Prior to 2005, ratio was based on the mortgage credit book of business, which includes non-Fannie Mae mortgage-related securities held in the retained mortgage portfolio that are not guaranteed. “Guarantee Book of Business” refers to the sum of the unpaid principal balance of (1) mortgage loans held in the retained portfolio; (2) Fannie Mae MBS held in the retained portfolio; (3) Fannie Mae MBS held by third parties; and (4) credit enhancements that Fannie Mae provides on mortgage assets. It excludes non-Fannie Mae mortgage-related securities held in the retained portfolio for which no guarantee is provided.

6 Real estate owned balances reflect end-of-period amounts. Beginning with 1995, data reflect adoption of SFAS 114.

7 Beginning in 2000, "credit-enhanced" is expanded to include primary mortgage insurance. Amounts for periods prior to 2000 reflect proportion of the retained mortgage portfolio with additional recourse from a third party to accept some or all of the expected losses on defaulted mortgages.

Table 9. Fannie Mae Capital[1]

	Capital ($ in Millions)									
	Minimum Capital Requirement			Risk-Based Capital Requirement						
End of Period	Core Capital ($)	Minimum Capital Requirement[2] ($)	Minimum Capital Surplus (Deficit)[2] ($)	Total Capital[3] ($)	Risk-Based Capital Requirement[4] ($)	Risk-Based Capital Surplus (Deficit)[5] ($)	Market Capitalization[6] ($)	Core Capital/Total Assets (%)	Core Capital/Total MBS Outstanding Plus Total Assets (%)	Common Share Dividend Payout Rate[7] (%)
4Q07	45,373	31,927	13,446	48,658	24,700	23,958	38,946	5.14	1.51	N/A
3Q07	41,713	30,303	11,410	43,053	24,676	18,377	59,215	4.97	1.47	N/A
2Q07	42,690	30,328	12,362	43,798	10,225	33,573	63,598	4.98	1.54	26.8
1Q07	41,710	29,528	12,182	42,575	20,536	22,039	53,117	4.97	1.55	47.2
Annual Data										
2007	45,373	31,927	13,446	48,658	24,700	23,958	38,946	5.14	1.51	N/A
2006	41,950	29,359	12,591	42,703	26,870	15,833	57,735	4.97	1.60	32.4
2005	39,433	28,233	11,200	40,091	12,636	27,455	47,373	4.73	1.62	17.2
2004	34,514	32,121	2,393	35,196	10,039	25,157	69,010	3.38	1.42	42.1
2003	26,953	31,816	(4,863)	27,487	27,221	266	72,838	2.64	1.16	20.8
2002	20,431	27,688	(7,257)	20,831	17,434	3,397	63,612	2.26	1.05	34.5
2001	25,182	24,182	1,000	25,976	Not Applicable	Not Applicable	79,281	3.15	1.51	23.0
2000	20,827	20,293	533	21,634	Before 2002	Before 2002	86,643	3.08	1.51	26.0
1999	17,876	17,770	106	18,677			63,651	3.11	1.43	28.8
1998	15,465	15,334	131	16,257			75,881	3.19	1.38	29.5
1997	13,793	12,703	1,090	14,575			59,167	3.52	1.42	29.4
1996	12,773	11,466	1,307	13,520			39,932	3.64	1.42	30.4
1995	10,959	10,451	508	11,703			33,812	3.46	1.32	34.6
1994	9,541	9,415	126	10,368			19,882	3.50	1.26	30.8
1993	8,052	7,064	988	8,893			21,387	3.71	1.17	26.8
1992	Not Applicable	Not Applicable	Not Applicable	Not Applicable			20,874	Not Applicable	Not Applicable	23.2
1991	Before 1993	Before 1993	Before 1993	Before 1993			18,836	Before 1993	Before 1993	21.3
1990							8,490			14.7
1989							8,092			12.8
1988							3,992			11.2
1987							2,401			11.7
1986							3,006			8.0
1985							1,904			30.1
1984							1,012			Not Applicable
1983							1,514			13.9
1982							1,603			Not Applicable
1981							502			Not Applicable
1980							702			464.2
1979							Not Available			45.7
1978							Before 1980			30.3
1977										31.8
1976										33.6
1975										31.8
1974										29.6
1973										18.1
1972										15.2
1971										18.7

Sources: Fannie Mae and OFHEO

N/A = not available

1 Information included for 2002, 2003 and 2004 has been restated to reflect changes in accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004.

2 Since the third quarter of 2005, OFHEO has directed Fannie Mae to maintain an additional 30 percent capital in excess of the statutory Minimum Capital Requirement. The Minimum Capital Requirement and Minimum Capital Surplus numbers stated in this chart do not reflect the additional 30 percent capital requirement. Minimum Capital Surplus is the difference between Core Capital and Minimum Capital Requirement.

3 Total Capital is Core Capital plus the total allowance for loan losses and guaranty liability for MBS, less any specific loss allowances. Information after 2001 reflects restated or most recently reported amounts, rather than amounts originally reported and used by OFHEO to make capital classifications.

4 The Risk-Based Capital Requirement is the amount of Total Capital that an Enterprise must hold to absorb projected losses flowing from future adverse interest rate and credit risk conditions and is specified by the Federal Housing Enterprise Financial and Soundness Act of 1992. For 2004 through the second quarter of 2007, the requirements were calculated based on originally reported, not restated or revised, financial results.

5 The difference between Total Capital and the Risk-Based Capital Requirement. For 2004 through the second quarter of 2007, the difference reflects restated and revised Total Capital, rather than Total Capital originally reported by Fannie Mae and used by OFHEO to make capital classifications.

6 Stock price at the end of the period multiplied by the number of outstanding common shares.

7 Common dividends declared during the period divided by net income available to common stockholders for the period.

Table 10. Freddie Mac Mortgage Purchases[1]

Business Activity ($ in Millions)				
Purchases[2]				
Period	Single-Family ($)	Multifamily ($)	Total Mortgages[3] ($)	Mortgage-Related Securities[4] ($)
4Q07	110,407	12,487	122,894	51,384
3Q07	123,074	3,504	126,578	65,717
2Q07	118,308	2,515	120,823	57,816
1Q07	114,277	3,139	117,416	56,122
Annual Data				
2007	466,066	21,645	487,711	231,039
2006	351,270	13,031	364,301	241,205
2005	381,673	11,172	392,845	325,575
2004	354,812	12,712	367,524	223,299
2003	701,483	15,292	716,775	385,078
2002	533,194	10,654	543,848	299,674
2001	384,124	9,510	393,634	248,466
2000	168,013	6,030	174,043	91,896
1999	232,612	7,181	239,793	101,898
1998	263,490	3,910	267,400	128,446
1997	115,160	2,241	117,401	35,385
1996	122,850	2,229	125,079	36,824
1995	89,971	1,565	91,536	39,292
1994	122,563	847	123,410	19,817
1993	229,051	191	229,242	Not Available
1992	191,099	27	191,126	Before 1994
1991	99,729	236	99,965	
1990	74,180	1,338	75,518	
1989	76,765	1,824	78,589	
1988	42,884	1,191	44,075	
1987	74,824	2,016	76,840	
1986	99,936	3,538	103,474	
1985	42,110	1,902	44,012	
1984	Not Available	Not Available	21,885	
1983	Before 1985	Before 1985	22,952	
1982			23,671	
1981			3,744	
1980			3,690	
1979			5,716	
1978			6,524	
1977			4,124	
1976			1,129	
1975			1,716	
1974			2,185	
1973			1,334	
1972			1,265	
1971			778	

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

3 Loans purchased from lenders. Excludes purchases of non-Freddie Mac MBS as well as Freddie Mac MBS repurchased into the retained mortgage portfolio.

4 Not included in total mortgages. For the period 2002 through the current period, amounts include non-Freddie Mac mortgage-related securities as well as Freddie Mac MBS repurchased into the retained mortgage portfolio. For years prior to 2002, amounts exclude structured securities backed by Ginnie Mae MBS.

Table 10a. Freddie Mac Mortgage Purchases Detail, By Type of Loan[1]

	Purchases ($ in Millions)[2,3]											
	Single-Family Mortgages								Multifamily Mortgages			
	Conventional				FHA/VA			Total Single-Family Mortgages ($)				Total Mortgage Purchases ($)
Period	Fixed-Rate[4] ($)	Adjustable-Rate[5] ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)		Conventional ($)	FHA/RHS ($)	Total Multi-family Mortgages ($)	
4Q07	100,410	9,986	0	110,396	11	0	11	110,407	12,487	0	12,487	122,894
3Q07	108,695	14,377	0	123,072	2	0	2	123,074	3,504	0	3,504	126,578
2Q07	93,167	25,123	0	118,290	18	0	18	118,308	2,515	0	2,515	120,823
1Q07	85,488	28,663	0	114,151	126	0	126	114,277	3,139	0	3,139	117,416
Annual Data												
2007	387,760	78,149	0	465,909	157	0	157	466,066	21,645	0	21,645	487,711
2006	272,875	77,449	0	350,324	946	0	946	351,270	13,031	0	13,031	364,301
2005	313,842	67,831	0	381,673	0	0	0	381,673	11,172	0	11,172	392,845
2004	293,830	60,663	0	354,493	319	0	319	354,812	12,712	0	12,712	367,524
2003	617,796	82,270	0	700,066	1,417	0	1,417	701,483	15,292	0	15,292	716,775
2002	468,901	63,448	0	532,349	845	0	845	533,194	10,654	0	10,654	543,848
2001	353,056	30,780	0	383,836	288	0	288	384,124	9,507	3	9,510	393,634
2000	145,744	21,201	0	166,945	1,068	0	1,068	168,013	6,030	0	6,030	174,043
1999	224,040	7,443	0	231,483	1,129	0	1,129	232,612	7,181	0	7,181	239,793
1998	256,008	7,384	0	263,392	98	0	98	263,490	3,910	0	3,910	267,400
1997	106,174	8,950	0	115,124	36	0	36	115,160	2,241	0	2,241	117,401
1996	116,316	6,475	0	122,791	59	0	59	122,850	2,229	0	2,229	125,079
1995	75,867	14,099	0	89,966	5	0	5	89,971	1,565	0	1,565	91,536
1994	105,902	16,646	0	122,548	15	0	15	122,563	847	0	847	123,410
1993	208,322	20,708	1	229,031	20	0	20	229,051	191	0	191	229,242
1992	175,515	15,512	7	191,034	65	0	65	191,099	27	0	27	191,126
1991	91,586	7,793	206	99,585	144	0	144	99,729	236	0	236	99,965
1990	56,806	16,286	686	73,778	402	0	402	74,180	1,338	0	1,338	75,518
1989	57,100	17,835	1,206	76,141	624	0	624	76,765	1,824	0	1,824	78,589
1988	34,737	7,253	59	42,049	835	0	835	42,884	1,191	0	1,191	44,075
1987	69,148	4,779	69	73,996	828	0	828	74,824	2,016	0	2,016	76,840
1986	96,105	2,262	90	98,457	1,479	0	1,479	99,936	3,538	0	3,538	103,474
1985	40,226	605	34	40,865	1,245	0	1,245	42,110	1,902	0	1,902	44,012
1984	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
1983	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985
1982												
1981												
1980												
1979												
1978												
1977												
1976												
1975												
1974												
1973												
1972												
1971												

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances and excludes mortgage loans traded, but not yet settled.

3 Loans purchased from lenders. Excludes purchases of non-Freddie Mac MBS as well as Freddie Mac MBS repurchased into the retained mortgage portfolio.

4 For the period 2002 through the current period, includes loans guaranteed by the Rural Housing Service.

5 For the period 2001 through the current period, includes balloon/reset mortgages.

Table 10b. Freddie Mac Purchases of Mortgage-Related Securities - Part 1[1]

Period	Purchases ($ in Millions)[2]														
	Freddie Mac Securities				Others' Securities										
	Single-Family		Multi-family ($)	Total Freddie Mac ($)	Fannie Mae				Ginnie Mae				Total Private-Label ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities[3] ($)
					Single-Family		Multi-family ($)	Total Fannie Mae ($)	Single-Family		Multi-family ($)	Total Ginnie Mae ($)			
	Fixed-Rate ($)	Adjustable-Rate ($)			Fixed-Rate ($)	Adjustable-Rate ($)			Fixed-Rate ($)	Adjustable-Rate ($)					
4Q07	33,285	2,068	2,283	37,636	91	1,511	0	1,602	0	0	0	0	11,740	406	51,384
3Q07	40,708	6,402	0	47,110	976	4,623	0	5,599	0	0	0	0	12,404	604	65,717
2Q07	21,439	7,799	0	29,238	782	2,738	0	3,520	0	0	0	0	24,500	558	57,816
1Q07	16,544	10,531	0	27,075	321	991	0	1,312	0	0	0	0	27,490	245	56,122
Annual Data															
2007	111,976	26,800	2,283	141,059	2,170	9,863	0	12,033	0	0	0	0	76,134	1,813	231,039
2006	76,378	27,146	0	103,524	4,259	8,014	0	12,273	0	0	0	0	122,230	3,178	241,205
2005	106,682	29,805	0	136,487	2,854	3,368	0	6,222	64	0	0	64	179,962	2,840	325,575
2004	72,147	23,942	146	96,235	756	3,282	0	4,038	0	0	0	0	121,082	1,944	223,299
2003	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	266,989	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	47,806	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	166	69,154	963	385,078
2002				192,817				45,798				820	59,376	863	299,674
2001				157,339				64,508				1,444	24,468	707	248,466
2000				58,516				18,249				3,339	10,304	1,488	91,896
1999				69,219				12,392				3,422	15,263	1,602	101,898
1998				107,508				3,126				319	15,711	1,782	128,446
1997				31,296				897				326	1,494	1,372	35,385
1996				33,338				Not Available Before 1997				Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	36,824
1995				32,534											39,292
1994				19,817											19,817
1993				Not Available Before 1994											Not Available Before 1994

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

3 For years prior to 2002, amounts exclude structured securities backed by Ginnie Mae MBS.

Table 10b. Freddie Mac Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail[1]

Period	Purchases ($ in Millions)[2]								
	Private-Label								
	Single-Family							Multifamily ($)	Total Private-Label ($)
	Manufactured Housing ($)	Subprime		Alt-A		Other[3]			
		Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)		
4Q07	127	224	6,988	173	1,030	4	0	3,194	11,740
3Q07	0	619	5,173	260	355	4	0	5,993	12,404
2Q07	0	0	14,025	269	3,259	33	0	6,914	24,500
1Q07	0	0	16,638	0	4,662	7	0	6,183	27,490
Annual Data									
2007	127	843	42,824	702	9,306	48	0	22,284	76,134
2006	0	116	74,645	718	29,828	48	0	16,875	122,230
2005	0	Not Available	Not Available	Not Available	Not Available	2,191	162,931	14,840	179,962
2004	0	Before 2006	Before 2006	Before 2006	Before 2006	1,379	108,825	10,878	121,082
2003	0					Not Available	Not Available	Not Available	69,154
2002	318					Before 2004	Before 2004	Before 2004	59,376
2001	0								24,468
2000	15								10,304
1999	3,293								15,263
1998	1,630								15,711
1997	36								1,494
1996	Not Available								Not Available
1995	Before 1997								Before 1997
1994									
1993									

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

3 Prior to 2006, includes non-Freddie Mac mortgage-related securities purchased for structured securities as well as non-agency securities purchased into the retained mortgage portfolio (principally backed by subprime or Alt-A loans).

Table 11. Freddie Mac MBS Issuances[1]

Period	Business Activity ($ in Millions)			
	MBS Issuances[2]			
	Single-Family MBS[3] ($)	Multifamily MBS ($)	Total MBS[3] ($)	Multiclass MBS[4] ($)
4Q07	110,395	3,115	113,510	19,323
3Q07	124,901	192	125,093	28,019
2Q07	117,701	307	118,008	60,290
1Q07	114,345	20	114,365	25,689
Annual Data				
2007	467,342	3,634	470,976	133,321
2006	358,184	1,839	360,023	169,396
2005	396,213	1,654	397,867	208,450
2004	360,933	4,175	365,108	215,506
2003	705,450	8,337	713,787	298,118
2002	543,716	3,596	547,312	331,672
2001	387,234	2,357	389,591	192,437
2000	165,115	1,786	166,901	48,202
1999	230,986	2,045	233,031	119,565
1998	249,627	937	250,564	135,162
1997	113,758	500	114,258	84,366
1996	118,932	770	119,702	34,145
1995	85,522	355	85,877	15,372
1994	116,901	209	117,110	73,131
1993	208,724	0	208,724	143,336
1992	179,202	5	179,207	131,284
1991	92,479	0	92,479	72,032
1990	71,998	1,817	73,815	40,479
1989	72,931	587	73,518	39,754
1988	39,490	287	39,777	12,985
1987	72,866	2,152	75,018	0
1986	96,798	3,400	100,198	2,233
1985	37,583	1,245	38,828	2,625
1984	Not Available	Not Available	18,684	1,805
1983	Before 1985	Before 1985	19,691	1,685
1982			24,169	Not Issued
1981			3,526	Before 1983
1980			2,526	
1979			4,546	
1978			6,412	
1977			4,657	
1976			1,360	
1975			950	
1974			46	
1973			323	
1972			494	
1971			65	

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

3 Includes PCs and structured securities backed by non-Freddie Mac mortgage-related securities. For the period 2002 through the current period, includes structured securities backed by Ginnie Mae MBS. For years prior to 2002, excludes structured securities backed by Ginnie Mae MBS.

4 Includes activity related to multiclass structured securities, primarily Real Estate Mortgage Investment Conduits (REMICs) as well as principal-only strips and other structured securities, but excludes resecuritizations of MBS into single-class securities. Amounts are not included in Total MBS Issuances.

Table 12. Freddie Mac Earnings[1]

Period	Earnings ($ in Millions)						
	Net Interest Income ($)	Guarantee Fee Income ($)	Average Guarantee Fee (basis points)	Administrative Expenses ($)	Credit-Related Expenses[2] ($)	Net Income (Loss) ($)	Return on Equity[3] (%)
4Q07	774	698	16.6	401	912	(2,452)	(17.1)
3Q07	761	718	17.7	428	1,423	(1,238)	(7.7)
2Q07	793	591	15.1	442	463	729	3.2
1Q07	771	628	16.7	403	262	(133)	(1.1)
Annual Data							
2007	3,099	2,635	16.6	1,674	3,060	(3,094)	(21.0)
2006	3,412	2,393	17.1	1,641	356	2,327	9.8
2005	4,627	2,076	16.6	1,535	347	2,113	8.1
2004	9,137	1,382	17.5	1,550	140	2,937	9.4
2003	9,498	1,653	23.3	1,181	2	4,816	17.7
2002	9,525	1,527	22.2	1,406	126	10,090	47.2
2001	7,448	1,381	23.8	1,024	39	3,158	20.2
2000	3,758	1,243	23.7	825	75	3,666	39.0
1999	2,926	1,019	19.8	655	159	2,223	25.5
1998	2,215	1,019	21.4	578	342	1,700	22.6
1997	1,847	1,082	22.9	495	529	1,395	23.1
1996	1,705	1,086	23.4	440	608	1,243	22.6
1995	1,396	1,087	23.8	395	541	1,091	22.1
1994	1,112	1,108	24.4	379	425	983	23.3
1993	772	1,009	23.8	361	524	786	22.3
1992	695	936	24.7	329	457	622	21.2
1991	683	792	23.7	287	419	555	23.6
1990	619	654	22.4	243	474	414	20.4
1989	517	572	23.4	217	278	437	25.0
1988	492	465	21.5	194	219	381	27.5
1987	319	472	24.2	150	175	301	28.2
1986	299	301	22.4	110	120	247	28.5
1985	312	188	22.1	81	79	208	30.0
1984	213	158	24.7	71	54	144	52.0
1983	125	132	26.2	53	46	86	44.5
1982	30	77	24.5	37	26	60	21.9
1981	34	36	19.5	30	16	31	13.1
1980	54	23	14.3	26	23	34	14.7
1979	55	18	13.2	19	20	36	16.2
1978	37	14	14.9	14	13	25	13.4
1977	31	9	18.9	12	8	21	12.4
1976	18	3	13.6	10	(1)	14	9.5
1975	31	3	24.8	10	11	16	11.6
1974	42	2	25.5	8	33	5	4.0
1973	31	2	32.4	7	15	12	9.9
1972	10	1	39.4	5	4	4	3.5
1971	10	1	Not Available Before 1972	Not Available Before 1972	Not Available Before 1972	6	5.5

Source: Freddie Mac

1 Due to changes in accounting principles adopted in 2007, certain amounts related to 2005, 2006 and 2007 have been adjusted. For the period 2001 through 2003, data are based on restated financial results.

2 For years 2002 through 2005, defined as provision for credit losses and real estate-owned operations income/expense. For years 2000 and 2001, include only the provision for credit losses.

3 Ratio computed as annualized net income (loss) available to common stockholders divided by the simple average of beginning and ending stockholders' equity, net of preferred stock (at redemption value).

Table 13. Freddie Mac Balance Sheet[1]

End of Period	Balance Sheet ($ in Millions): Total Assets ($)	Total Retained Mortgage Portfolio[3] ($)	Non-Mortgage Investments[4] ($)	Debt Outstanding ($)	Shareholders' Equity ($)	Core Capital[5] ($)	Fair Value of Net Assets ($)	Mortgage-Backed Securities Outstanding ($ in Millions)[2]: Total MBS Outstanding ($)	Multiclass MBS Outstanding[6] ($)
4Q07	794,368	710,042	41,663	738,557	26,724	37,867	12,600	1,381,863	526,604
3Q07	786,871	706,080	38,531	726,911	25,483	34,672	23,800	1,308,771	524,347
2Q07	814,118	702,838	69,248	751,441	24,528	35,572	31,900	1,240,813	521,535
1Q07	813,421	711,772	66,099	750,157	28,539	35,503	31,900	1,177,678	495,567
Annual Data									
2007	794,368	710,042	41,663	738,557	26,724	37,867	12,600	1,381,863	526,604
2006	804,910	700,002	68,614	744,341	26,914	35,366	31,800	1,122,761	491,696
2005	806,222	709,503	57,324	748,792	25,691	35,043	30,900	974,200	437,668
2004	795,284	664,582	62,027	731,697	31,416	34,106	30,900	852,270	390,516
2003	803,449	660,531	53,124	739,613	31,487	32,417	27,300	752,164	347,833
2002	752,249	589,899	91,871	665,696	31,330	28,991	22,900	729,809	392,545
2001	641,100	503,769	89,849	578,368	19,624	20,181	18,300	653,084	299,652
2000	459,297	385,451	43,521	426,899	14,837	16,273	Not Available	576,101	309,185
1999	386,684	322,914	34,152	360,711	11,525	13,417	Before 2001	537,883	316,168
1998	321,421	255,670	42,160	287,396	10,835	11,266		478,351	260,504
1997	194,597	164,543	16,430	172,842	7,521	7,376		475,985	233,829
1996	173,866	137,826	22,248	156,981	6,731	6,743		473,065	237,939
1995	137,181	107,706	12,711	119,961	5,863	5,829		459,045	246,336
1994	106,199	73,171	17,808	93,279	5,162	5,169		460,656	264,152
1993	83,880	55,938	18,225	49,993	4,437	4,437		439,029	265,178
1992	59,502	33,629	12,542	29,631	3,570	Not Available		407,514	218,747
1991	46,860	26,667	9,956	30,262	2,566	Before 1993		359,163	146,978
1990	40,579	21,520	12,124	30,941	2,136			316,359	88,124
1989	35,462	21,448	11,050	26,147	1,916			272,870	52,865
1988	34,352	16,918	14,607	26,882	1,584			226,406	15,621
1987	25,674	12,354	10,467	19,547	1,182			212,635	3,652
1986	23,229	13,093	Not Available	15,375	953			169,186	5,333
1985	16,587	13,547	Before 1987	12,747	779			99,909	5,047
1984	13,778	10,018		10,999	606			70,026	3,214
1983	8,995	7,485		7,273	421			57,720	1,669
1982	5,999	4,679		4,991	296			42,952	Not Issued
1981	6,326	5,178		5,680	250			19,897	Before 1983
1980	5,478	5,006		4,886	221			16,962	
1979	4,648	4,003		4,131	238			15,316	
1978	3,697	3,038		3,216	202			12,017	
1977	3,501	3,204		3,110	177			6,765	
1976	4,832	4,175		4,523	156			2,765	
1975	5,899	4,878		5,609	142			1,643	
1974	4,901	4,469		4,684	126			780	
1973	2,873	2,521		2,696	121			791	
1972	1,772	1,726		1,639	110			444	
1971	1,038	935		915	107			64	

Source: Freddie Mac

1 Due to changes in accounting principles adopted in 2007, certain amounts related to 2005, 2006 and 2007 have been adjusted. For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled.

3 Excludes "Allowance for loan losses."

4 Based on fair value.

5 The sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings, less Treasury stock.

6 Amounts are included in Total MBS Outstanding column.

Table 13a. Freddie Mac Total MBS Outstanding Detail[1]

End of Period	Single-Family Mortgages ($ in Millions)[2]					Multifamily Mortgages ($ in Millions)[2]			Total MBS Outstanding[6] ($)
	Conventional								
	Fixed-Rate[3] ($)	Adjustable-Rate[4] ($)	Seconds[5] ($)	Total ($)	Total FHA/VA[5]	Conventional ($)	FHA/RHS ($)	Multifamily Mortgages ($)	
4Q07	1,206,495	161,963	7	1,368,465	4,499	8,899	0	8,899	1,381,863
3Q07	1,136,407	159,459	8	1,295,874	4,553	8,344	0	8,344	1,308,771
2Q07	1,069,429	158,146	8	1,227,583	4,861	8,369	0	8,369	1,240,813
1Q07	1,013,035	151,197	11	1,164,243	5,148	8,287	0	8,287	1,177,678
Annual Data									
2007	1,206,495	161,963	7	1,368,465	4,499	8,899	0	8,899	1,381,863
2006	967,580	141,740	12	1,109,332	5,396	8,033	0	8,033	1,122,761
2005	836,023	117,757	19	953,799	6,289	14,112	0	14,112	974,200
2004	736,332	91,474	70	827,876	9,254	15,140	0	15,140	852,270
2003	649,699	74,409	140	724,248	12,157	15,759	0	15,759	752,164
2002	647,603	61,110	5	708,718	12,361	8,730	0	8,730	729,809
2001	609,290	22,525	10	631,825	14,127	7,132	0	7,132	653,084
2000	533,331	36,266	18	569,615	778	5,708	0	5,708	576,101
1999	499,671	33,094	29	532,794	627	4,462	0	4,462	537,883
1998	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	478,351
1997	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	475,985
1996									473,065
1995									459,045
1994									460,656
1993									439,029
1992									407,514
1991									359,163
1990									316,359
1989									272,870
1988									226,406
1987									212,635
1986									169,186
1985									99,909
1984									70,026
1983									57,720
1982									42,952
1981									19,897
1980									16,962
1979									15,316
1978									12,017
1977									6,765
1976									2,765
1975									1,643
1974									780
1973									791
1972									444
1971									64

Source: Freddie Mac

1 Due to changes in accounting principles adopted in 2007, certain amounts related to 2005, 2006 and 2007 have been adjusted. For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances.

3 Includes Rural Housing Service and other federally guaranteed loans.

4 For the period 2001 through the current period, includes MBS with underlying mortgages classified as balloon/reset loans.

5 For the period 2002 through the current period, includes resecuritizations of non-Freddie Mac securities.

6 Represents MBS and structured securities that are held by third parties. Based on unpaid principal balances and excludes mortgage-related securities traded, but not yet settled. For the period 2002 through the current period, amounts include structured securities backed by non-Freddie Mac securities (including Ginnie Mae MBS).

Table 14. Freddie Mac Retained Mortgage Portfolio Detail[1]

($ in Millions)					
End of Period	Whole Loans[2] ($)	Freddie Mac Securities[2] ($)	Others' Mortgage-Related Securities[2] ($)	Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities[3] ($)	Total Retained Mortgage Portfolio[4] ($)
4Q07	82,158	356,970	281,685	(10,771)	710,042
3Q07	73,027	356,005	284,132	(7,084)	706,080
2Q07	69,043	351,711	291,382	(9,298)	702,838
1Q07	67,136	358,847	288,471	(2,682)	711,772
Annual Data					
2007	82,158	356,970	281,685	(10,771)	710,042
2006	65,847	354,262	283,850	(3,957)	700,002
2005	61,481	361,324	287,541	(843)	709,503
2004	61,360	356,698	235,203	11,321	664,582
2003	60,270	393,135	192,362	14,764	660,531
2002	63,886	341,287	162,099	22,627	589,899
2001	62,792	308,427	126,420	6,130	503,769
2000	59,240	246,209	80,244	(242)	385,451
1999	56,676	211,198	56,569	(1,529)	322,914
1998	57,084	168,108	29,817	661	255,670
1997	48,454	103,400	Not Available	122	164,543
1996	46,504	81,195	Before 1998	71	137,826
1995	43,753	56,006		282	107,706
1994	Not Available	30,670		Not Available	73,171
1993	Before 1995	15,877		Before 1995	55,938
1992		6,394			33,629
1991		Not Available			26,667
1990		Before 1992			21,520
1989					21,448
1988					16,918
1987					12,354
1986					13,093
1985					13,547
1984					10,018
1983					7,485
1982					4,679
1981					5,178
1980					5,006
1979					4,003
1978					3,038
1977					3,204
1976					4,175
1975					4,878
1974					4,469
1973					2,521
1972					1,726
1971					935

Source: Freddie Mac

1 Due to changes in accounting principles adopted in 2007, certain amounts related to 2006 and 2007 have been adjusted. For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

3 Includes premiums, discounts, deferred fees and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on AFS mortgage-related securities. Amounts prior to 2006 include MBS residuals, at fair value.

4 Excludes "Allowance for loan losses."

Table 14a. Freddie Mac Retained Mortgage Portfolio Detail - Whole Loans[1]

End of Period	Whole Loans ($ in Millions)[2]								
	Single-Family					Multifamily			Total Whole Loans ($)
	Conventional								
	Fixed-Rate[3] ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Total FHA/VHA ($)	Conventional ($)	FHA/RHS ($)	Total ($)	
4Q07	21,578	2,700	0	24,278	311	57,566	3	57,569	82,158
3Q07	20,995	2,215	0	23,210	167	49,647	3	49,650	73,027
2Q07	19,584	1,674	0	21,258	176	47,606	3	47,609	69,043
1Q07	18,980	1,330	0	20,310	186	46,637	3	46,640	67,136
Annual Data									
2007	21,578	2,700	0	24,278	311	57,566	3	57,569	82,158
2006	19,211	1,233	0	20,444	196	45,204	3	45,207	65,847
2005	19,238	903	0	20,141	255	41,082	3	41,085	61,481
2004	22,055	990	0	23,045	344	37,968	3	37,971	61,360
2003	25,889	871	1	26,761	513	32,993	3	32,996	60,270
2002	33,821	1,321	3	35,145	705	28,033	3	28,036	63,886
2001	38,267	1,073	5	39,345	964	22,480	3	22,483	62,792
2000	39,537	2,125	9	41,671	1,200	16,369	Not Available	16,369	59,240
1999	43,210	1,020	14	44,244	77	12,355	Before 2001	12,355	56,676
1998	47,754	1,220	23	48,997	109	7,978		7,978	57,084
1997	40,967	1,478	36	42,481	148	5,825		5,825	48,454
1996	Not Available	Not Available	Not Available	Not Available	Not Available	4,746		4,746	46,504
1995	Before 1997	Before 1997	Before 1997	Before 1997	Before 1997	3,852		3,852	43,753
1994						Not Available Before 1995		Not Available Before 1995	Not Available Before 1995

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances and excludes mortgage loans traded, but not yet settled.

3 For the period 2001 through the current period, includes loans guaranteed by the Rural Housing Service.

Table 14b. Freddie Mac Retained Mortgage Portfolio Detail - Part 1, Mortgage-Related Securities[1]

End of Period	Mortgage-Related Securities ($ in Millions)[2]													
	Freddie Mac Securities[3] ($)				Others' Securities									
	Single-Family				Fannie Mae				Ginnie Mae					
					Single-Family				Single-Family					
	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Fannie Mae ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Ginnie Mae ($)	Total Private-Label ($)	Total Others' Securities ($)
4Q07	269,896	84,415	2,659	356,970	23,140	23,043	922	47,105	537	181	13	731	218,914	266,750
3Q07	270,629	84,999	377	356,005	23,873	22,658	974	47,505	572	191	13	776	221,143	269,424
2Q07	269,378	81,954	379	351,711	23,859	19,175	1,004	44,038	606	204	13	823	232,271	277,132
1Q07	280,357	78,110	380	358,847	25,065	17,586	1,112	43,763	653	218	13	884	229,840	274,487
Annual Data														
2007	269,896	84,415	2,659	356,970	23,140	23,043	922	47,105	537	181	13	731	218,914	266,750
2006	282,052	71,828	382	354,262	25,779	17,441	1,214	44,434	707	231	13	951	224,631	270,016
2005	299,167	61,766	391	361,324	28,818	13,180	1,335	43,333	1,045	218	30	1,293	231,594	276,220
2004	304,555	51,737	406	356,698	41,828	14,504	1,672	58,004	1,599	81	31	1,711	166,411	226,126
2003	Not Available	Not Available	Not Available	393,135	Not Available	Not Available	Not Available	74,529	Not Available	Not Available	Not Available	2,760	107,301	184,590
2002	Before 2004	Before 2004	Before 2004	341,287	Before 2004	Before 2004	Before 2004	78,829	Before 2004	Before 2004	Before 2004	4,878	70,752	154,459
2001				308,427				71,128				5,699	42,336	119,163
2000				246,209				28,303				8,991	35,997	73,291
1999				211,198				13,245				6,615	31,019	50,879
1998				168,108				3,749				4,458	16,970	25,177
1997				103,400				Not Available				6,393	Not Available	Not Available
1996				81,195				Before 1998				7,434	Before 1998	Before 1998
1995				56,006								Not Available		
1994				30,670								Before 1996		
1993				15,877										
1992				6,394										
1991				Not Available										
				Before 1992										

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances.

3 For the period 2001 through the current period, includes structured securities backed by Ginnie Mae MBS which were previously classified as non-Freddie Mac mortgage-related securities.

Table 14b. Freddie Mac Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities, Private-Label Detail[1]

End of Period	Mortgage-Related Securities ($ in Millions)[2]								
	Private-Label								
	Single-Family								
		Subprime		Alt-A		Other[3]			
	Manufactured Housing ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multifamily ($)	Total Private-Label ($)
4Q07	1,472	498	100,827	3,762	47,551	N/A	N/A	64,804	218,914
3Q07	1,383	334	104,600	3,720	49,051	N/A	N/A	62,055	221,143
2Q07	1,435	353	118,320	3,597	52,060	N/A	N/A	56,506	232,271
1Q07	1,474	379	120,607	3,507	53,099	N/A	N/A	50,774	229,840
Annual Data									
2007	1,472	498	100,827	3,762	47,551	N/A	N/A	64,804	218,914
2006	1,510	408	121,691	3,683	52,579	N/A	N/A	44,760	224,631
2005	1,680	Not Available	Not Available	Not Available	Not Available	4,749	181,678	43,487	231,594
2004	1,816	Before 2006	Before 2006	Before 2006	Before 2006	8,243	115,168	41,184	166,411
2003	2,085					Not Available	Not Available	Not Available	107,301
2002	2,394					Before 2004	Before 2004	Before 2004	70,752
2001	2,462								42,336
2000	2,896								35,997
1999	4,693								31,019
1998	1,711								16,970
1997	Not Available								Not Available
1996	Before 1998								Before 1998
1995									
1994									
1993									
1992									
1991									

Source: Freddie Mac

N/A = not available

1 For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances.

3 Prior to 2006, includes securities principally backed by subprime and Alt-A mortgage loans.

Table 14b. Freddie Mac Retained Mortgage Portfolio Detail - Part 3, Mortgage-Related Securities[1]

End of Period	Mortgage-Related Securities ($ in Millions)		($ in Millions)	
	Mortgage Revenue Bonds[2] ($)	Total Mortgage-Related Securities[2] ($)	Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities[3] ($)	Total Retained Mortgage Portfolio[4] ($)
4Q07	14,935	638,655	(10,771)	710,042
3Q07	14,708	640,137	(7,084)	706,080
2Q07	14,250	643,093	(9,298)	702,838
1Q07	13,984	647,318	(2,682)	711,772
Annual Data				
2007	14,935	638,655	(10,771)	710,042
2006	13,834	638,112	(3,957)	700,002
2005	11,321	648,865	(843)	709,503
2004	9,077	591,901	11,321	664,582
2003	7,772	585,497	14,764	660,531
2002	7,640	503,386	22,627	589,899
2001	7,257	434,847	6,130	503,769
2000	6,953	326,453	(242)	385,451
1999	5,690	267,767	(1,529)	322,914
1998	4,640	197,925	661	255,670
1997	3,031	Not Available	122	164,543
1996	1,787	Before 1998	71	137,826
1995	Not Available		282	107,706
1994	Before 1996		Not Available	73,171
1993			Before 1995	55,938
1992				33,629
1991				26,667
1990				21,520
1989				21,448
1988				16,918
1987				12,354
1986				13,093
1985				13,547
1984				10,018
1983				7,485
1982				4,679
1981				5,178
1980				5,006
1979				4,003
1978				3,038
1977				3,204
1976				4,175
1975				4,878
1974				4,469
1973				2,521
1972				1,726
1971				935

Source: Freddie Mac

1 Due to changes in accounting principles adopted in 2007, certain amounts related to 2006 and 2007 have been adjusted. For the period 2001 through 2003, data are based on restated financial results.

2 Based on unpaid principal balances.

3 Includes premiums, discounts, deferred fees and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on mortgage-related securities. Amounts prior to 2006 include MBS residuals.

4 Excludes "Allowance for loan losses."

Table 15. Freddie Mac Financial Derivatives[1]

End of Period	Financial Derivatives - Notional Amount Outstanding ($ in Millions)									
	Interest Rate Swaps ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency Contracts ($)	OTC Futures, Options, and Forward Rate Agreements ($)	Treasury-Based Contracts[2] ($)	Exchange-Traded Futures, Options and Other Derivatives ($)	Credit Derivatives[3] ($)	Commitments[4] ($)	Other[5] ($)	Total ($)
4Q07	711,829	0	20,118	313,033	0	196,270	7,667	72,662	1,302	1,322,881
3Q07	663,533	0	23,842	337,595	0	109,848	5,445	62,938	1,153	1,204,354
2Q07	500,057	0	22,709	293,215	1,100	112,000	2,936	59,281	1,072	992,370
1Q07	521,992	0	23,854	252,646	0	95,140	2,568	10,322	984	907,506
Annual Data										
2007	711,829	0	20,118	313,033	0	196,270	7,667	72,662	1,302	1,322,881
2006	440,879	0	29,234	252,022	2,000	20,400	2,605	10,012	957	758,109
2005	341,008	45	37,850	193,502	0	86,252	2,414	21,961	738	683,770
2004	178,739	9,897	56,850	224,204	2,001	127,109	10,926	32,952	114,100	756,778
2003	287,592	11,308	46,512	349,650	8,549	122,619	15,542	89,520	152,579	1,083,871
2002	290,096	11,663	43,687	277,869	17,900	210,646	17,301	191,563	117,219	1,177,944
2001	442,771	12,178	23,995	187,486	13,276	358,500	10,984	121,588	0	1,170,778
2000	277,888	12,819	10,208	113,064	2,200	22,517	N/A	N/A	35,839	474,535
1999	126,580	19,936	1,097	172,750	8,894	94,987	Not Applicable	Not Applicable	0	424,244
1998	57,555	21,845	1,464	63,000	11,542	157,832	Before 2000	Before 2000	0	313,238
1997	54,172	21,995	1,152	6,000	12,228	0			0	95,547
1996	46,646	14,095	544	0	651	0			0	61,936
1995	45,384	13,055	0	0	24	0			0	58,463
1994	21,834	9,003	0	0	0	0			0	30,837
1993	17,888	1,500	0	0	0	0			0	19,388

Source: Freddie Mac

N/A = not available

1 Due to changes in accounting principles adopted in 2007, certain amounts related to 2005, 2006 and 2007 have been adjusted. For the period 2001 through 2003, data are based on restated financial results.

2 Amounts for years 2002 through the current period are exchange-traded.

3 Amounts included in "Other" in 2000, not applicable in prior periods.

4 Commitments to purchase and sell mortgage loans and mortgage-related securities. Periods prior to 2004 include commitments to purchase and sell various debt securities.

5 Includes prepayment management agreement and swap guarantee derivatives.

Table 16. Freddie Mac Non-Mortgage Investments[1]

End of Period	Non-Mortgage Investments ($ in Millions)					
	Federal Funds and Eurodollars ($)	Asset Backed Securities ($)	Repurchase Agreements ($)	Commercial Paper and Corporate Debt ($)	Other[2] ($)	Total ($)
4Q07	162	16,588	6,400	18,513	0	41,663
3Q07	14,467	18,060	2,800	3,033	171	38,531
2Q07	25,002	32,390	2,500	8,245	1,111	69,248
1Q07	27,503	31,699	6,700	0	197	66,099
Annual Data						
2007	162	16,588	6,400	18,513	0	41,663
2006	19,778	32,122	3,250	11,191	2,273	68,614
2005	9,909	30,578	5,250	5,764	5,823	57,324
2004	18,647	21,733	13,550	0	8,097	62,027
2003	7,567	16,648	13,015	5,852	10,042	53,124
2002	6,129	34,790	16,914	13,050	20,988	91,871
2001	15,868	26,297	17,632	21,712	8,340	89,849
2000	2,267	19,063	7,488	7,302	7,401	43,521
1999	10,545	10,305	4,961	3,916	4,425	34,152
1998	20,524	7,124	1,756	7,795	4,961	42,160
1997	2,750	2,200	6,982	3,203	1,295	16,430
1996	9,968	2,086	6,440	1,058	2,696	22,248
1995	110	499	9,217	1,201	1,684	12,711
1994	7,260	0	5,913	1,234	3,401	17,808
1993	9,267	0	4,198	1,438	3,322	18,225
1992	5,632	0	4,060	53	2,797	12,542
1991	2,949	0	4,437	0	2,570	9,956
1990	1,112	0	9,063	0	1,949	12,124
1989	3,527	0	5,765	0	1,758	11,050
1988	4,469	0	9,107	0	1,031	14,607
1987	3,177	0	5,859	0	1,431	10,467

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated financial results.

2 For 2004 through the current period, amounts include obligations of states and municipalities classified as available-for-sale securities within the cash and investments portfolio. For 2003 and prior periods, includes non-mortgage-related securities classified as trading, debt securities issued by the U.S. Treasury and other U.S. government agencies, obligations of states and municipalities and preferred stock.

Table 17. Freddie Mac Mortgage Asset Quality[1]

End of Period	Mortgage Asset Quality: Single-Family Delinquency Rate[2] (%)	Multifamily Delinquency Rate[3] (%)	Credit Losses/Average Total Mortgage Portfolio[4] (%)	REO/Total Mortgage Portfolio[5] (%)	Credit-Enhanced[6]/Total Mortgage Portfolio[6] (%)
4Q07	0.65	0.02	0.05	0.08	17.0
3Q07	0.51	0.06	0.03	0.07	16.0
2Q07	0.42	0.05	0.02	0.05	16.0
1Q07	0.40	0.06	0.02	0.05	16.0
Annual Data					
2007	0.65	0.02	0.03	0.08	17.0
2006	0.42	0.06	0.01	0.04	16.0
2005	0.53	0.00	0.01	0.04	17.0
2004	0.73	0.06	0.01	0.05	19.0
2003	0.86	0.05	0.01	0.06	21.0
2002	0.77	0.13	0.01	0.05	27.4
2001	0.62	0.15	0.01	0.04	34.7
2000	0.49	0.04	0.01	0.04	31.8
1999	0.39	0.14	0.02	0.05	29.9
1998	0.50	0.37	0.04	0.08	27.3
1997	0.55	0.96	0.08	0.11	15.9
1996	0.58	1.96	0.10	0.13	10.0
1995	0.60	2.88	0.11	0.14	9.7
1994	0.55	3.79	0.08	0.18	7.2
1993	0.61	5.92	0.11	0.16	5.3
1992	0.64	6.81	0.09	0.12	Not Available
1991	0.61	5.42	0.08	0.14	Before 1993
1990	0.45	2.63	0.08	0.12	
1989	0.38	2.53	0.08	0.09	
1988	0.36	2.24	0.07	0.09	
1987	0.36	1.49	0.07	0.08	
1986	0.42	1.07	Not Available	0.07	
1985	0.42	0.63	Before 1987	0.10	
1984	0.46	0.42		0.15	
1983	0.47	0.58		0.15	
1982	0.54	1.04		0.12	
1981	0.61	Not Available		0.07	
1980	0.44	Before 1982		0.04	
1979	0.31			0.02	
1978	0.21			0.02	
1977	Not Available			0.03	
1976	Before 1978			0.04	
1975				0.03	
1974				0.02	
1973				Not Available	
				Before 1974	

Source: Freddie Mac

1 Due to changes in accounting principles adopted in 2007, certain amounts related to 2005, 2006 and 2007 have been adjusted. For the period 2000 through 2003, data are based on restated financial results, except for the credit-enhanced share of the total mortgage portfolio in 2000.

2 Based on the number of mortgages 90 days or more delinquent or in foreclosure. Rates for years 2000 through 2004 are based on the total single-family loans in the retained mortgage portfolio and total MBS outstanding and Structured Securities issued, excluding that portion of Structured Securities that is backed by Ginnie Mae MBS. Rates for years 2005 through the current period are based on the total single-family loans in the retained mortgage portfolio and total MBS outstanding and Structured Securities issued, excluding Structured Transactions and that portion of issued Structured Securities that is backed by Ginnie Mae MBS.

3 Based on net carrying value of mortgages 60 days or more delinquent or in foreclosure.

4 Credit losses equal to REO operations expense (income) plus Charge-offs, net. Calculated as credit losses (gains) divided by the average total mortgage portfolio, excluding non-Freddie Mac mortgage-related securities and that portion of structured securities that is backed by Ginnie Mae MBS.

5 Based on the total mortgage portfolio excluding non-Freddie Mac mortgage-related securities and that portion of issued structured securities that is backed by Ginnie Mae MBS.

6 Includes loans for which the lender or a third party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default. In many cases, the lender's or third party's risk is limited to a specific level of losses at the time the credit enhancement becomes effective.

Table 18. Freddie Mac Capital[1]

End of Period	Capital ($ in Millions)									
	Minimum Capital Requirement			Risk-Based Capital Requirement[8]						
	Core Capital ($)	Minimum Capital Requirement[2] ($)	Regulatory Capital Surplus (Deficit)[2] ($)	Total Capital[3] ($)	Risk-Based Capital Requirement[4] ($)	Risk-Based Capital Surplus (Deficit)[5] ($)	Market Capitalization[6] ($)	Core Capital/ Total Assets (%)	Core Capital/ Total MBS Outstanding plus Total Assets (%)	Common Share Dividend Payout Rate[7] (%)
4Q07	37,867	26,473	11,394	40,929	14,102	26,827	22,018	4.77	1.74	N/A
3Q07	34,672	26,001	8,671	36,394	11,316	25,078	38,124	4.41	1.65	N/A
2Q07	35,572	26,355	9,217	37,141	18,944	18,197	39,463	4.37	1.73	51.9
1Q07	35,503	26,112	9,391	36,765	13,784	22,981	39,356	4.36	1.78	N/A
	Annual Data									
2007	37,867	26,473	11,394	40,929	14,102	26,829	22,018	4.77	1.74	N/A
2006	35,366	25,607	9,758	36,742	15,320	21,422	44,896	4.39	1.83	63.9
2005	35,043	24,791	10,252	36,781	11,282	25,499	45,269	4.35	1.97	56.4
2004	34,106	23,714	10,391	34,691	11,108	23,582	50,898	4.29	2.07	30.7
2003	32,417	23,362	9,054	33,436	5,426	28,010	40,158	4.03	2.08	15.6
2002	28,991	22,340	6,651	24,222	4,743	19,479	40,590	3.85	1.96	6.2
2001	20,181	19,014	1,167	Not Applicable	Not Applicable	Not Applicable	45,473	3.15	1.56	18.9
2000	16,273	14,396	1,876	Before 2002	Before 2002	Before 2002	47,702	3.54	1.57	20.0
1999	13,417	12,352	1,065				32,713	3.47	1.45	20.1
1998	11,266	10,502	764				44,797	3.51	1.41	20.7
1997	7,376	7,082	294				28,461	3.79	1.10	21.1
1996	6,743	6,517	226				19,161	3.88	1.04	21.3
1995	5,829	5,584	245				14,932	4.25	0.98	21.1
1994	5,169	4,884	285				9,132	4.87	0.91	20.5
1993	4,437	3,782	655				9,005	5.29	0.85	21.6
1992	Not Applicable	Not Applicable	Not Applicable				8,721	Not Applicable	Not Applicable	23.1
1991	Before 1993	Before 1993	Before 1993				8,247	Before 1993	Before 1993	21.6
1990							2,925			23.2
1989							4,024			24.3
1988							Not Applicable			Not Available
							Before 1989			Before 1989

Sources: Freddie Mac and OFHEO

N/A = not available

1 Due to changes in accounting principles adopted in 2007, certain amounts related to 2003 through 2007 have been adjusted. For the period 2001 through 2003, data are based on restated financial results.

2 Since 4Q 2003, OFHEO has directed Freddie Mac to maintain an additional 30 percent capital in excess of the statutory Minimum Capital Requirement. The Minimum Capital Requirement and Minimum Capital Surplus numbers stated in this chart do not reflect the inclusion of the additional 30 percent capital requirement. Minimum Capital Surplus is the difference between Core Capital and Minimum Capital Requirement.

3 Total capital includes Core Capital and general reserves for mortgage and foreclosure losses.

4 The Risk-Based Capital Requirement is the amount of Total Capital that an Enterprise must hold to absorb projected losses flowing from future adverse interest rate and credit risk conditions and is specified by the Federal Housing Enterprise Financial Safety and Soundness Act of 1992.

5 The difference between Total Capital and Risk-Based Capital Requirement.

6 Stock price at the end of the period multiplied by the number of outstanding common shares.

7 Common dividends paid as a percentage of net income available to common stockholders.

Table 19. Combined Purchases[1]

Business Activity ($ in Millions)				
Purchases				
Period	Single-Family ($)	Multifamily ($)	Total Mortgages ($)	Mortgage-Related Securities ($)
4Q07	296,083	32,843	328,926	60,369
3Q07	298,885	10,959	309,844	88,656
2Q07	275,650	13,002	288,652	79,591
1Q07	254,814	10,143	264,957	71,659
Annual Data				
2007	1,125,432	66,947	1,192,379	300,275
2006	875,649	33,677	909,326	343,871
2005	918,677	32,657	951,334	387,807
2004	942,931	29,098	972,029	399,684
2003	2,023,676	46,488	2,070,164	793,684
2002	1,337,386	27,426	1,364,812	568,248
2001	951,797	28,641	980,438	457,590
2000	395,082	16,407	411,489	221,612
1999	548,748	17,193	565,941	271,803
1998	618,410	15,338	633,748	275,706
1997	275,081	8,775	283,856	85,702
1996	287,306	8,680	295,986	83,567
1995	215,974	6,531	222,505	75,550
1994	280,792	4,686	285,478	45,722
1993	518,877	4,326	523,203	Not Available
1992	439,702	2,983	442,685	Before 1994
1991	233,280	3,440	236,720	
1990	185,187	4,518	189,705	
1989	157,275	6,149	163,424	
1988	107,497	5,361	112,858	
1987	148,766	3,749	152,515	
1986	177,159	5,415	182,574	
1985	84,653	3,102	87,755	
1984	Not Available	Not Available	50,704	
1983	Before 1985	Before 1985	49,431	
1982			49,610	
1981			10,573	
1980			11,791	
1979			16,523	
1978			18,829	
1977			8,908	
1976			4,761	
1975			6,036	
1974			9,204	
1973			7,586	
1972			5,129	
1971			4,818	

Sources: Fannie Mae and Freddie Mac

1 See notes to Tables 1 and 10.

Table 19a. Combined Mortgage Purchases Detail, By Type of Loan[1]

	Purchases ($ in Millions)											
	Single-Family Mortgages								Multifamily Mortgages			
	Conventional				FHA/VA							
Period	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Total Single-Family Mortgages ($)	Conventional ($)	FHA/RHS ($)	Total Multi-family Mortgages ($)	Total Mortgage Purchases ($)
4Q07	267,012	23,059	9	290,080	314	5,689	6,003	296,083	32,843	0	32,843	328,926
3Q07	261,396	35,351	10	296,757	377	1,751	2,128	298,885	10,959	0	10,959	309,844
2Q07	236,425	37,384	9	273,818	82	1,750	1,832	275,650	13,002	0	13,002	288,652
1Q07	206,180	46,488	6	252,674	621	1,519	2,140	254,814	10,143	0	10,143	264,957
	Annual Data											
2007	971,013	142,282	34	1,113,329	1,394	10,709	12,103	1,125,432	66,947	0	66,947	1,192,379
2006	702,805	162,762	130	865,697	2,522	7,430	9,952	875,649	33,675	2	33,677	909,326
2005	730,562	179,766	116	910,444	2,285	5,948	8,233	918,677	32,515	142	32,657	951,334
2004	821,286	107,435	51	928,772	10,286	3,873	14,159	942,931	26,396	2,702	29,098	972,029
2003	1,853,841	147,250	93	2,001,184	19,449	3,043	22,492	2,023,676	43,363	3,125	46,488	2,070,164
2002	1,207,078	112,065	40	1,319,183	16,655	1,548	18,203	1,337,386	25,743	1,683	27,426	1,364,812
2001	887,171	56,428	1,137	944,736	5,959	1,102	7,061	951,797	27,356	1,285	28,641	980,438
2000	332,980	55,010	726	388,716	5,446	920	6,366	395,082	15,157	1,250	16,407	411,489
1999	517,228	19,581	1,198	538,007	9,658	1,084	10,742	548,749	16,039	1,153	17,192	565,941
1998	590,375	21,657	1	612,033	5,866	511	6,377	618,410	14,754	584	15,338	633,748
1997	242,503	30,045	3	272,551	2,098	432	2,530	275,081	8,177	598	8,775	283,856
1996	262,470	22,025	3	284,498	2,474	334	2,808	287,306	8,428	252	8,680	295,986
1995	180,768	32,077	9	212,854	3,014	106	3,120	215,974	6,242	289	6,531	222,505
1994	245,717	32,986	8	278,711	1,968	113	2,081	280,792	4,467	219	4,686	285,478
1993	482,724	35,128	30	517,882	875	120	995	518,877	4,110	216	4,326	523,203
1992	401,847	36,513	143	438,503	1,120	79	1,199	439,702	2,872	111	2,983	442,685
1991	205,907	24,980	911	231,798	1,444	38	1,482	233,280	3,419	21	3,440	236,720
1990	151,817	30,814	1,340	183,971	1,201	15	1,216	185,187	4,503	15	4,518	189,705
1989	117,894	35,527	1,727	155,148	2,113	14	2,127	157,275	6,133	16	6,149	163,424
1988	70,504	34,745	492	105,741	1,658	98	1,756	107,497	5,340	21	5,361	112,858
1987	129,582	15,454	208	145,244	3,477	45	3,522	148,766	3,479	270	3,749	152,515
1986	154,356	9,567	588	164,511	12,634	14	12,648	177,159	5,415	0	5,415	182,574
1985	70,219	11,341	905	82,465	2,172	16	2,188	84,653	3,102	0	3,102	87,755
1984	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985

Sources: Fannie Mae and Freddie Mac

[1] See notes to Tables 1a and 10a.

Table 19b. Combined Purchases of Mortgage-Related Securities[1]

Period	Purchases ($ in Millions)									
		Others' Securities								
			Private-Label							
	Enterprise Securities ($)	Ginnie Mae ($)	Manufactured Housing ($)	Subprime ($)	Alt-A ($)	Other ($)	Multifamily ($)	Total Private-Label ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)
4Q07	44,692	27	127	8,184	1,203	4	5,319	14,837	813	60,369
3Q07	65,358	0	0	8,784	2,492	182	10,995	22,453	845	88,656
2Q07	42,433	8	0	19,879	5,218	33	11,335	36,465	685	79,591
1Q07	31,590	0	0	22,791	6,383	7	10,633	39,814	255	71,659
Annual Data										
2007	184,073	35	127	59,638	15,296	226	38,282	113,569	2,598	300,275
2006	160,381	77	0	109,637	42,493	1,322	26,565	180,017	3,396	343,871
2005	161,784	64	0	Not Available	Not Available	Not Available	14,942	221,331	4,628	387,807
2004	179,787	0	0	Before 2006	Before 2006	Before 2006	10,979	211,829	8,068	399,684
2003	683,165	202	0				Not Available	103,186	7,131	793,684
2002	491,074	5,245	374				Before 2004	66,792	5,136	568,248
2001	422,501	1,777	Not Available					27,981	5,331	457,590
2000	191,840	5,832	Before 2002					18,770	5,170	221,612
1999	213,970	20,983						31,774	5,076	271,803
1998	236,636	3,057						31,432	4,581	275,706
1997	73,345	3,834						5,682	2,841	85,702
1996	Not Available	Not Available						Not Available	Not Available	83,567
1995	Before 1997	Before 1997						Before 1997	Before 1997	75,550
1994										45,722
1993										Not Available
										Before 1994

Sources: Fannie Mae and Freddie Mac

1 See notes to Tables 1b and 10b, Parts 1 and 2.

Table 20. Combined MBS Issuances[1]

Period	Business Activity ($ in Millions)			
	MBS Issuances			
	Single-Family MBS ($)	Multifamily MBS ($)	Total MBS ($)	Multiclass MBS ($)
4Q07	282,408	7,203	289,611	38,946
3Q07	295,158	1,139	296,297	54,850
2Q07	266,154	1,733	267,887	96,815
1Q07	246,080	708	246,788	55,273
Annual Data				
2007	1,089,800	10,783	1,100,583	245,884
2006	834,345	7,382	841,727	294,252
2005	896,972	11,033	908,005	332,263
2004	906,568	11,022	917,590	310,192
2003	1,902,180	31,673	1,933,853	559,037
2002	1,274,849	16,093	1,290,942	502,467
2001	901,855	16,158	918,013	331,840
2000	369,181	9,382	378,563	87,746
1999	523,178	10,542	533,720	174,725
1998	564,747	11,965	576,712	219,309
1997	257,373	6,314	263,687	169,781
1996	263,133	6,438	269,571	64,925
1995	191,791	4,542	196,333	25,053
1994	245,286	2,446	247,732	146,496
1993	429,209	959	430,168	353,966
1992	372,389	855	373,244	301,489
1991	203,967	1,415	205,382	184,840
1990	168,004	2,506	170,510	108,770
1989	139,420	3,862	143,282	81,469
1988	90,610	4,045	94,655	29,990
1987	134,933	3,314	138,247	9,917
1986	156,815	3,949	160,764	4,633
1985	60,725	1,752	62,477	Not Issued
1984	Not Available	Not Available	32,230	Before 1986
1983	Before 1985	Before 1985	33,031	
1982			38,139	
1981			4,243	

Sources: Fannie Mae and Freddie Mac

1 See notes to Tables 2 and 11.

Table 21. Combined Earnings[1]

Period	Earnings ($ in Millions)				
	Net Interest Income ($)	Guarantee Fee Income ($)	Administrative Expenses ($)	Credit-Related Expenses ($)	Net Income ($)
4Q07	1,910	2,319	1,052	3,885	(6,011)
3Q07	1,819	1,950	1,088	2,623	(2,637)
2Q07	1,986	1,711	1,102	981	2,676
1Q07	1,965	1,726	1,101	583	828
Annual Data					
2007	7,680	7,706	4,343	8,072	(5,144)
2006	10,164	6,643	4,717	1,139	6,386
2005	16,132	6,082	3,650	775	8,460
2004	27,218	5,166	3,206	503	7,904
2003	28,975	5,085	2,635	355	12,897
2002	27,951	4,043	2,562	399	14,004
2001	15,538	2,863	2,041	117	9,052
2000	9,432	2,594	1,730	169	8,114
1999	7,820	2,301	1,455	286	6,135
1998	6,325	2,248	1,286	603	5,118
1997	5,796	2,356	1,131	904	4,451
1996	5,297	2,282	1,000	1,017	3,968
1995	4,443	2,173	941	876	3,235
1994	3,935	2,191	904	803	3,115
1993	3,305	1,970	804	829	2,659
1992	2,753	1,770	710	777	2,245
1991	2,461	1,467	606	789	1,918
1990	2,212	1,190	529	784	1,587
1989	1,708	980	471	588	1,244
1988	1,329	793	412	584	888
1987	1,209	735	347	535	677
1986	683	476	285	426	352
1985	451	300	223	285	201
1984	123	236	183	140	73
1983	116	186	134	94	135
1982	(434)	93	97	62	(132)
1981	(395)	36	79	(12)	(175)
1980	75	Not Available	70	42	48
1979	377	Before 1981	65	55	198
1978	331		53	49	234
1977	282		44	36	186
1976	221		40	24	141
1975	205		37	27	131
1974	184		31	50	112
1973	211		25	27	138
1972	148		18	9	100
1971	59		Not Available	Not Available	67
			Before 1972	Before 1972	

Sources: Fannie Mae and Freddie Mac

N/A = not available

1 See notes to Tables 3 and 12.

Table 22. Combined Balance Sheet[1]

End of Period	Balance Sheet ($ in Millions)							Total Mortgage-Backed Securities Outstanding ($ in Millions)
	Total Assets ($)	Total Retained Mortgage Portfolio ($)	Non-Mortgage Investments ($)	Debt Outstanding ($)	Shareholders' Equity ($)	Core Capital ($)	Fair Value of Net Assets ($)	
4Q07	1,676,915	1,433,662	128,538	1,534,856	70,735	83,240	48,399	3,500,772
3Q07	1,626,654	1,430,242	85,862	1,488,676	65,405	76,385	57,977	3,312,153
2Q07	1,671,920	1,422,849	137,964	1,532,120	64,198	78,262	N/A	3,148,471
1Q07	1,652,885	1,428,308	131,892	1,515,101	69,970	77,213	N/A	3,023,209
Annual Data								
2007	1,676,915	1,433,662	128,538	1,534,856	70,735	83,240	48,399	3,500,772
2006	1,648,846	1,426,436	125,597	1,511,387	68,420	77,316	75,499	2,900,311
2005	1,640,390	1,446,306	103,340	1,512,802	64,993	74,476	73,099	2,573,118
2004	1,816,218	1,589,776	109,866	1,684,808	70,318	68,620	70,994	2,260,317
2003	1,825,724	1,580,120	112,642	1,700,893	63,755	59,370	55,693	2,052,684
2002	1,656,988	1,410,526	131,247	1,506,989	63,229	49,422	45,030	1,770,248
2001	1,441,048	1,210,116	155,831	1,341,835	37,742	45,363	40,975	1,516,529
2000	1,134,521	993,182	95,868	1,069,581	35,675	37,100	Not Available	1,282,823
1999	961,992	846,017	71,451	908,330	29,154	31,293	Before 2001	1,217,028
1998	806,567	671,104	100,675	747,687	26,288	26,731		1,115,494
1997	586,270	481,135	81,026	542,616	21,314	21,169		1,055,123
1996	524,907	424,354	78,854	488,251	19,504	19,516		1,021,238
1995	453,731	360,574	69,984	419,135	16,822	16,788		972,275
1994	378,707	293,986	64,143	350,509	14,703	14,710		947,001
1993	300,859	246,107	39,621	251,105	12,489	12,489		910,335
1992	240,480	189,889	32,116	195,931	10,344	Not Applicable		831,958
1991	193,932	153,346	19,792	164,199	8,113	Before 1993		714,447
1990	173,692	135,586	21,992	154,344	6,077			604,434
1989	159,777	129,429	19,388	142,211	4,907			489,382
1988	146,610	117,017	19,896	132,341	3,844			396,503
1987	129,133	106,019	13,935	116,604	2,993			348,369
1986	122,850	107,216	Not Available	108,938	2,135			264,754
1985	115,663	108,156	Before 1987	106,732	1,788			154,461
1984	101,576	94,153		94,718	1,524			105,764
1983	87,378	82,732		81,867	1,421			82,841
1982	78,980	74,035		74,605	1,249			57,402
1981	67,904	64,807		64,231	1,330			20,614
1980	63,357	60,595		59,766	1,678			Not Issued
1979	55,948	53,780		52,555	1,739			Before 1981
1978	47,203	45,141		44,201	1,564			
1977	37,481	36,456		35,000	1,350			
1976	37,225	35,950		35,088	1,139			
1975	37,495	35,698		35,572	1,003			
1974	34,572	33,135		32,852	898			
1973	27,191	26,110		25,699	801			
1972	22,118	21,378		20,878	669			
1971	19,629	18,821		18,587	567			

Sources: Fannie Mae and Freddie Mac

N/A = not available

1 See notes to Tables 4 and 13.

Table 22a. Combined MBS Outstanding Detail[1]

End of Period	Single-Family Mortgages ($ in Millions)					Multifamily Mortgages ($ in Millions)			Total MBS Outstanding ($)
	Conventional								
	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Total FHA/VA	Conventional ($)	FHA/RHS ($)	Total Multifamily ($)	
4Q07	3,056,645	376,208	7	3,432,860	19,756	47,117	1,039	48,156	3,500,772
3Q07	2,862,374	382,225	8	3,244,607	20,273	46,124	1,149	47,273	3,312,153
2Q07	2,697,907	381,246	8	3,079,161	21,055	47,017	1,238	48,255	3,148,471
1Q07	2,568,054	382,987	11	2,951,052	22,319	48,542	1,296	49,838	3,023,209
Annual Data									
2007	3,056,645	376,208	7	3,432,860	19,756	47,117	1,039	48,156	3,500,772
2006	2,451,727	372,407	12	2,824,146	24,465	50,217	1,483	51,700	2,900,311
2005	2,126,377	350,446	19	2,476,842	30,022	64,458	1,796	66,254	2,573,118
2004	1,979,675	167,196	70	2,146,941	41,590	62,526	9,260	71,786	2,260,317
2003	1,762,548	161,782	140	1,924,470	49,564	69,479	9,171	78,650	2,052,684
2002	1,522,863	136,540	5	1,659,408	49,665	55,755	5,420	61,175	1,770,248
2001	1,361,501	83,367	782	1,445,650	19,853	49,845	1,181	51,026	1,516,529
2000	1,133,330	97,761	1,183	1,232,274	8,854	40,915	780	41,695	1,282,823
1999	1,085,740	84,568	1,241	1,171,549	8,796	35,980	703	36,683	1,217,028
1998	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	1,115,494
1997	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	1,055,123
1996									1,021,238
1995									972,275
1994									947,001
1993									910,335
1992									831,958
1991									714,447
1990									604,434
1989									Not Issued
1988									Before 1981
1987									
1986									
1985									
1984									
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1982									
1981									
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1977									
1976									
1975									
1974									
1973									
1972									
1971									

Sources: Fannie Mae and Freddie Mac

1 See notes to Tables 4a and 13a.

Table 23. Combined Financial Derivatives[1]

End of Period	Financial Derivatives - Notional Amount Outstanding ($ in Millions)									
	Interest Rate Swaps ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency Contracts ($)	OTC Futures, Options, and Forward Rate Agreements ($)	Treasury-Based Contracts ($)	Exchange-Traded Futures, Options and Other Derivatives ($)	Credit Derivatives ($)	Commitments ($)	Other ($)	Total ($)
4Q07	1,383,103	2,250	22,677	523,414	N/A	N/A	N/A	128,028	1,302	2,264,711
3Q07	1,258,997	2,750	27,484	550,104	N/A	N/A	N/A	147,570	1,153	2,103,351
2Q07	1,060,291	6,250	27,178	508,290	N/A	N/A	N/A	118,237	1,072	1,837,354
1Q07	1,008,462	9,500	28,813	456,721	N/A	N/A	N/A	51,910	984	1,654,098
Annual Data										
2007	1,383,103	2,250	22,677	523,414	N/A	N/A	N/A	128,028	1,302	2,264,711
2006	957,450	14,000	33,785	462,293	N/A	N/A	N/A	49,940	957	1,543,430
2005	658,478	33,045	43,495	481,502	N/A	N/A	N/A	61,155	738	1,367,079
2004	434,955	114,047	68,303	542,479	N/A	N/A	N/A	73,552	114,100	1,487,472
2003	885,880	141,658	51,707	654,825	N/A	N/A	N/A	133,080	152,579	2,166,439
2002	543,307	134,082	47,619	553,494	N/A	N/A	N/A	Not Available	117,219	1,833,131
2001	742,724	88,071	32,488	336,286	N/A	N/A	N/A	Before 2003	0	1,703,917
2000	505,539	46,482	19,719	166,979	N/A	N/A	N/A		35,839	799,275
1999	318,612	48,886	12,604	213,831	N/A	N/A	N/A		1,400	699,214
1998	200,401	36,345	14,459	76,481	N/A	N/A	N/A		3,735	500,795
1997	203,845	22,095	11,120	6,000	N/A	N/A	N/A		1,660	256,948
1996	204,786	14,395	2,973	0	N/A	N/A	N/A		350	223,155
1995	171,063	13,355	1,224	29	N/A	N/A	N/A		975	186,670
1994	109,304	9,363	1,023	0	N/A	N/A	N/A		1,465	121,154
1993	67,346	1,860	1,023	0	N/A	N/A	N/A		1,425	71,653

Sources: Fannie Mae and Freddie Mac

N/A = not available

1 See notes to tables 6 and 15.

Table 24. Combined Non-Mortgage Investments[1]

End of Period	Non-Mortgage Investments ($ in Millions) Federal Funds and Eurodollars ($)	Asset-Backed Securities ($)	Repurchase Agreements ($)	Commercial Paper and Corporate Debt ($)	Other ($)	Total ($)
4Q07	43,672	32,099	11,650	32,028	9,089	128,538
3Q07	22,267	38,427	2,800	21,959	409	85,862
2Q07	41,197	54,629	2,500	33,839	5,799	137,964
1Q07	41,441	52,917	6,700	25,778	5,056	131,892
Annual Data						
2007	43,672	32,099	11,650	32,028	9,089	128,538
2006	29,188	51,036	3,250	38,795	3,328	125,597
2005	18,809	49,768	5,250	22,743	6,770	103,340
2004	22,507	47,377	13,620	16,435	9,926	109,866
2003	20,142	43,510	13,126	23,552	12,312	112,642
2002	6,279	57,102	17,095	27,709	23,062	131,247
2001	31,957	47,234	18,440	45,517	12,683	155,831
2000	9,806	36,575	7,575	16,195	25,717	95,868
1999	15,382	29,512	5,083	5,639	15,835	71,451
1998	28,450	28,117	9,312	12,950	21,846	100,675
1997	21,962	18,839	13,697	14,948	11,580	81,026
1996	31,702	16,721	11,107	7,249	12,075	78,854
1995	19,885	10,404	19,392	9,830	10,473	69,984
1994	24,853	3,796	14,919	8,953	11,622	64,143
1993	13,763	3,557	8,882	1,438	11,981	39,621
1992	12,219	4,124	7,249	53	8,471	32,116
1991	5,903	2,416	6,632	0	4,841	19,792
1990	6,441	1,780	10,014	0	3,757	21,992
1989	8,685	1,107	5,765	0	3,831	19,388
1988	8,594	481	9,107	0	1,714	19,896
1987	5,736	25	5,859	0	2,315	13,935

Sources: Fannie Mae and Freddie Mac

1 See notes to Tables 7 and 16.

Table 25. Combined Capital[1]

End of Period	Capital ($ in Millions)						
	Minimum Capital Requirement			Risk-Based Capital Requirement			
	Core Capital ($)	Minimum Capital Requirement ($)	Regulatory Capital Surplus (Deficit) ($)	Total Capital ($)	Risk-Based Capital Requirement ($)	Risk-Based Capital Surplus (Deficit) ($)	Market Capitalization ($)
4Q07	83,240	58,400	24,840	89,587	38,802	50,785	60,964
3Q07	76,385	56,304	20,081	79,447	35,992	43,455	97,339
2Q07	78,262	56,683	21,579	80,939	29,169	51,770	103,061
1Q07	77,213	55,640	21,573	79,340	34,320	45,020	92,473
Annual Data							
2007	83,240	58,400	24,840	89,587	38,802	50,787	60,964
2006	77,316	54,966	22,349	79,445	42,190	37,255	102,631
2005	74,476	53,024	21,452	76,872	23,918	52,954	92,642
2004	68,620	55,835	12,784	69,887	21,147	48,739	119,908
2003	59,370	55,178	4,191	60,923	32,647	28,276	112,996
2002	49,422	50,028	(606)	45,053	22,177	22,876	104,202
2001	45,363	43,196	2,167	Not Applicable	Not Applicable	Not Applicable	124,754
2000	37,100	34,688	2,409	Before 2002	Before 2002	Before 2002	134,345
1999	31,293	30,122	1,171				96,364
1998	26,731	25,836	895				120,678
1997	21,169	19,785	1,384				87,628
1996	19,516	17,983	1,533				59,093
1995	16,788	16,035	753				48,744
1994	14,710	14,299	411				29,014
1993	12,489	10,846	1,643				30,392
1992	Not Applicable	Not Applicable	Not Applicable				29,595
1991	Before 1993	Before 1993	Before 1993				27,083
1990							11,415
1989							12,116
							Not Applicable Before 1989

Sources: Fannie Mae, Freddie Mac, and OFHEO

1 See notes to Tables 9 and 18.

Table 26. Loan Limits

Year	Single-Family Conforming Loan Limits			
	1-unit	2-units	3-units	4-units
2008[2]	417,000–729,750	533,850–934,200	645,300–1,129,250	801,950–1,403,400
2007	417,000	533,850	645,300	801,950
2006	417,000	533,850	645,300	801,950
2005	359,650	460,400	556,500	691,600
2004	333,700	427,150	516,300	641,650
2003	322,700	413,100	499,300	620,500
2002	300,700	384,900	465,200	578,150
2001	275,000	351,950	425,400	528,700
2000	252,700	323,400	390,900	485,800
1999	240,000	307,100	371,200	461,350
1998	227,150	290,650	351,300	436,600
1997	214,600	274,550	331,850	412,450
1996	207,000	264,750	320,050	397,800
1995	203,150	259,850	314,100	390,400
1994	203,150	259,850	314,100	390,400
1993	203,150	259,850	314,100	390,400
1992	202,300	258,800	312,800	388,800
1991	191,250	244,650	295,650	367,500
5/1/1990 - 12/31/1990	187,450	239,750	289,750	360,150
1989 - 4/30/1990	187,600	239,950	290,000	360,450
1988	168,700	215,800	260,800	324,150
1987	153,100	195,850	236,650	294,150
1986	133,250	170,450	205,950	256,000
1985	115,300	147,500	178,200	221,500
1984	114,000	145,800	176,100	218,900
1983	108,300	138,500	167,200	207,900
1982	107,000	136,800	165,100	205,300
1981	98,500	126,000	152,000	189,000
1980	93,750	120,000	145,000	170,000
10/27/1977 - 1979	75,000	75,000	75,000	75,000
1975 - 10/26/1977	55,000	55,000	55,000	55,000

Sources: Department of Housing and Urban Development (HUD), Federal Housing Finance Board, Freddie Mac

1 Conforming Loan Limits are 50 percent higher in Alaska, Hawaii, Guam and the U.S. Virgin Islands.

2 The Economic Stimulus Act of 2008 allows Fannie Mae and Freddie Mac to raise the conforming loan limits in certain high-cost areas to a maximum of $729,750 for one-unit homes in the continental United States. Higher limits apply to two, three and four-unit homes. Alaska, Hawaii, Guam and the Virgin Islands have higher maximum limits. The limits apply to loans originated between July 1, 2007 and December 31, 2008.

Year	FHA Single-Family Insurable Limits							
	1-unit		2-units		3-units		4-units	
	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max
2008[1]	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2007	200,160	362,790	256,248	464,449	309,744	561,411	384,936	697,696
2006	200,160	362,790	256,248	464,449	309,744	561,411	384,936	697,696
2005	172,632	312,895	220,992	400,548	267,120	484,155	331,968	601,692
2004	160,176	290,319	205,032	371,621	247,824	449,181	307,992	558,236
2003	154,896	280,749	198,288	359,397	239,664	434,391	297,840	539,835
2002	144,336	261,609	184,752	334,863	223,296	404,724	277,512	502,990
2001	132,000	239,250	168,936	306,196	204,192	370,098	253,776	459,969
2000	121,296	219,849	155,232	281,358	187,632	340,083	233,184	422,646
1999	115,200	208,800	147,408	267,177	178,176	322,944	221,448	401,375
1998	109,032	197,621	139,512	252,866	168,624	305,631	209,568	379,842
1997	81,546	170,362	104,310	205,875	126,103	248,888	156,731	309,338

Sources: Federal Housing Administration

1 The Economic Stimulus Act of 2008 allowed the Federal Housing Administration (FHA) to increase the single-family insurable limits to a maximum of $729,750 for one-unit homes in the continental United States. Higher limits apply to two, three and four-unit homes. Alaska, Hawaii, Guam and the Virgin Islands have higher maximum limits. The limits apply to loans originated between July 1, 2007 and December 31, 2008.

Table 27. Mortgage Interest Rates

Period	Average Commitment Rates on Loans		Effective Rates on Closed Loans	
	Conventional		Conventional	
	30-Year Fixed Rate ($)	One-Year ARMs ($)	Fixed Rate ($)	Adjustable Rate ($)
4Q07	6.2	5.6	6.4	6.2
3Q07	6.5	5.7	6.8	6.5
2Q07	6.3	5.5	6.5	6.3
1Q07	6.2	5.5	6.4	6.3
Annual Data				
2007	6.3	5.6	6.5	6.3
2006	6.4	5.5	6.6	6.4
2005	5.9	4.5	6.1	5.5
2004	5.8	3.9	6.0	5.2
2003	5.8	3.8	5.9	5.0
2002	6.5	4.6	6.7	5.7
2001	7.0	5.8	7.1	6.4
2000	8.1	7.0	8.3	7.1
1999	7.4	6.0	7.4	6.5
1998	6.9	5.6	7.2	6.5
1997	7.6	5.6	7.9	6.9
1996	7.8	5.7	8.0	7.1
1995	7.9	6.1	8.2	7.1
1994	8.4	5.4	8.2	6.4
1993	7.3	4.6	7.5	5.7
1992	8.4	5.6	8.5	6.6
1991	9.3	7.1	9.7	8.3
1990	10.1	8.4	10.4	9.2
1989	10.3	8.8	10.5	9.4
1988	10.3	7.9	10.4	8.5
1987	10.2	7.8	9.9	8.5
1986	10.2	8.4	10.5	9.4
1985	12.4	10.0	12.4	10.9
1984	13.9	11.5	13.2	12.0
1983	13.2	Not Available	13.0	12.3
1982	16.0	Before 1984	Not Available	Not Available
1981	16.6		Before 1983	Before 1983
1980	13.7			
1979	11.2			
1978	9.6			
1977	8.9			
1976	8.9			
1975	9.0			
1974	9.2			
1973	8.0			
1972	7.4			
1971	Not Available Before 1972			

Average Commitment Rate Source: Freddie Mac

Effective Rates Source: Federal Housing Finance Board

Table 28. Housing Market Activity [1]

Period	Housing Starts (units in thousands)			Home Sales (units in thousands)	
	One-to-Four-Unit Housing Starts	Multifamily Housing Starts	Total Housing Starts	Sales of New One-to-Four-Unit Homes	Sales of Existing One-to-Four-Unit Homes
4Q07 [2]	N/A	301	1,151	651	4,997
3Q07 [2]	N/A	276	1,298	731	5,457
2Q07 [2]	N/A	264	1,460	852	5,870
1Q07 [2]	N/A	260	1,453	838	6,363
Annual Data					
2007	1,078	277	1,355	776	5,652
2006	1,508	293	1,801	1,051	6,478
2005	1,757	311	2,068	1,283	7,076
2004	1,653	303	1,956	1,203	6,778
2003	1,533	315	1,848	1,086	6,175
2002	1,397	308	1,705	973	5,632
2001	1,310	293	1,603	908	5,335
2000	1,270	299	1,569	877	5,174
1999	1,334	307	1,641	880	5,183
1998	1,314	303	1,617	886	4,966
1997	1,178	296	1,474	804	4,371
1996	1,206	271	1,477	757	4,167
1995	1,110	244	1,354	667	3,852
1994	1,234	224	1,457	670	3,886
1993	1,155	133	1,288	666	3,739
1992	1,061	139	1,200	610	3,432
1991	876	138	1,014	509	3,145
1990	932	260	1,193	534	3,186
1989	1,059	318	1,376	650	3,290
1988	1,140	348	1,488	676	3,594
1987	1,212	409	1,621	671	3,526
1986	1,263	542	1,805	750	3,565
1985	1,166	576	1,742	688	3,214
1984	1,206	544	1,750	639	2,868
1983	1,181	522	1,703	623	2,719
1982	743	320	1,062	412	1,990
1981	797	288	1,084	436	2,419
1980	962	331	1,292	545	2,973
1979	1,316	429	1,745	709	3,827
1978	1,558	462	2,020	817	3,986
1977	1,573	414	1,987	819	3,650
1976	1,248	289	1,538	646	3,064
1975	956	204	1,160	549	2,476
1974	956	382	1,338	519	2,272
1973	1,250	795	2,045	634	2,334
1972	1,450	906	2,357	718	2,252
1971	1,272	781	2,052	656	2,018

Housing Starts Source and New One-to-Four-Unit Sales Source: Bureau of the Census.

Existing One-to-Four-Unit Sales Source: National Association of Realtors.

N/A = not available

1 Components may not add to totals due to rounding.

2 Seasonally adjusted annual rates.

Table 29. Weighted Repeat Sales House Price Index (Annual Data) [1]

Period	USA	New England	Mid-Atlantic	South Atlantic	East North Central	West North Central	East South Central	West South Central	Mountain	Pacific
4Q07	-0.47	-1.16	1.63	-0.96	-2.57	0.34	2.28	3.41	0.09	-3.96
3Q07	1.78	-0.89	2.10	2.21	-1.35	1.27	3.79	5.18	4.96	0.83
2Q07	2.75	-1.03	2.82	3.03	-0.34	2.02	4.95	5.51	6.55	2.86
1Q07	3.16	-1.45	3.07	3.33	-0.06	2.22	5.09	5.71	7.00	4.41
Annual Data										
2007	-0.47	-1.16	1.63	-0.96	-2.57	0.34	2.28	3.41	0.09	-3.96
2006	3.92	-1.22	3.40	4.20	0.20	2.12	6.28	6.55	8.61	6.07
2005	9.46	6.73	10.31	13.23	3.86	4.41	7.31	7.03	14.93	15.81
2004	9.31	10.26	12.31	12.50	4.61	5.94	4.94	4.50	11.57	15.87
2003	7.58	10.40	11.38	8.51	4.63	5.55	4.30	3.20	7.04	13.07
2002	7.59	13.67	12.06	7.98	4.69	6.48	3.28	3.61	5.14	12.66
2001	6.78	12.31	9.95	7.46	4.77	6.90	3.42	3.75	4.94	9.12
2000	6.88	13.09	8.43	6.25	5.17	7.17	2.86	5.80	5.95	9.82
1999	6.04	10.62	7.11	5.47	5.20	5.95	4.02	5.58	5.70	7.02
1998	5.58	8.30	4.55	4.76	5.03	6.56	4.65	5.56	4.72	7.56
1997	3.42	4.85	2.11	3.61	3.58	3.64	2.72	3.04	2.94	4.31
1996	3.07	2.66	1.07	2.91	4.74	4.08	3.88	2.41	3.96	2.13
1995	2.71	0.03	0.08	2.59	5.23	4.44	4.72	2.97	4.63	-0.26
1994	2.91	1.07	-0.63	3.02	4.53	4.21	4.98	2.83	8.77	0.13
1993	2.83	-1.57	0.32	1.88	4.41	6.24	4.89	4.47	9.87	-1.57
1992	2.64	-0.76	1.49	2.04	4.87	3.87	3.84	3.77	6.53	-1.13
1991	2.94	-2.25	1.48	3.12	4.55	3.75	4.10	3.70	4.65	1.33
1990	0.61	-7.74	-2.91	0.21	3.78	0.50	0.65	0.39	1.87	2.91
1989	5.92	0.66	2.33	5.08	6.11	3.26	3.07	2.63	2.80	19.51
1988	5.85	3.73	6.02	6.87	6.68	2.33	2.61	-1.97	0.22	17.52
1987	5.82	13.34	16.24	7.00	8.08	2.53	4.13	-8.64	-2.62	9.51
1986	7.40	21.04	18.17	6.04	7.34	4.15	5.45	-0.41	3.12	7.19
1985	6.04	25.01	14.31	5.40	4.86	4.25	5.05	-1.35	2.07	4.88
1984	5.22	17.81	13.34	4.44	2.90	4.38	3.59	-0.04	2.43	5.30
1983	4.17	16.02	10.16	3.23	4.53	4.63	4.05	0.91	-2.83	1.02
1982	1.81	4.24	3.91	4.20	-5.41	-0.42	4.55	5.69	7.51	0.94
1981	4.55	4.81	0.61	6.70	2.60	0.66	0.35	11.96	6.40	5.75
1980	6.86	5.60	10.02	8.20	1.54	3.67	7.77	7.87	6.41	11.19
1979	11.87	11.38	17.36	11.03	8.94	9.25	4.49	12.99	15.34	15.90
1978	13.62	16.32	8.19	11.22	14.71	13.32	11.79	17.02	17.28	15.71
1977	13.63	9.10	10.18	8.33	13.07	15.34	11.33	12.04	18.32	25.63
1976	7.94	2.78	0.84	5.99	8.16	5.62	5.55	8.65	10.08	19.84

[1] Percentage changes based on OFHEO's purchase-only index for 1992 through 2007 and all-transactions index for prior years. Annual data are measured based on fourth-quarter-to-fourth-quarter percentage change. Quarterly data for 2007 reflect changes over the previous four quarters.

Regional Divisions:

New England: Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont

Mid-Atlantic: New Jersey, New York, Pennsylvania

South Atlantic: Washington, D.C., Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin

West North Central: Iowa, Kansas, Minnesota, Missouri, North Dakota, South Dakota, Nebraska

East South Central: Alabama, Kentucky, Mississippi, Tennessee

West South Central: Arkansas, Louisiana, Oklahoma, Texas

Mountain: Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, Utah, Wyoming

Pacific: Alaska, California, Hawaii, Oregon, Washington