

# A Primer for Stripping Fannie Mae Debt Securities

October 2009

*This edition of FundingNotes provides a review of the process that a market participant can complete in order to strip Fannie Mae Benchmark Notes.*

## Introduction

In the past, both investors and dealers have contacted Fannie Mae and expressed an interest in learning more about how to strip Fannie Mae debt securities.<sup>1</sup> Investors have most often stripped those securities which have been issued through Fannie Mae's Benchmark Notes® program. In this edition of *FundingNotes*, we conduct a review of the process that a market participant can complete in order to strip Fannie Mae Benchmark Notes. Then using information regarding securities that have been stripped over the past six years, we summarize the types of Fannie Mae debt securities that have been stripped over that time period. We then look at the investors that currently invest in strips, and explore some of the reasons why it may be advantageous for investors to participate in the strips market. Some investor segments which may have a natural tendency to invest in strips include pension funds, insurance companies, and institutions with specific defeasance needs, such as municipalities or legal entities managing funds for settlements.

## Stripping Process

Stripping a security is the act of separating the interest payments from a note or bond so that the interest payments, as well as the original principal payment, are treated as separate securities with distinct cash flows.<sup>2</sup> Each of the distinct cash flows is assigned its own CUSIP (see **Figure 1**) If an investor would like to strip a Fannie Mae debt security, specifically

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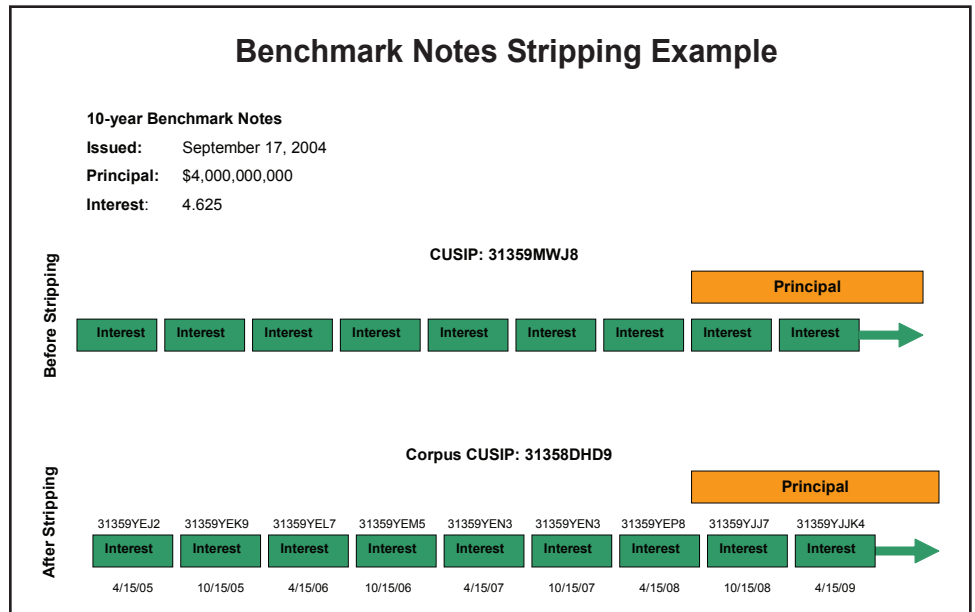


Figure 1

<sup>1</sup> Fannie Mae published a primer on how to strip Fannie Mae debt securities in May 2000. Please click on the following link to see original FundingNotes [http://www.fanniemae.com/markets/debt/pdf/fundingnotes\\_5\\_00.pdf](http://www.fanniemae.com/markets/debt/pdf/fundingnotes_5_00.pdf)

<sup>2</sup> In addition to being stripped, a Fannie Mae debt security can also be reconstituted, in which the previously separated cash flows from a note or bond are recombined into the original debt security.

Benchmark Notes, the process is relatively straight forward. When Fannie Mae issues Benchmark Notes, Fannie Mae's operations group prepares an agency uniform book-entry term sheet, which provides the issue date, the maturity date, as well as a description of the security to the Federal Reserve. Once the term sheet is completed and is sent to the Federal Reserve, the Federal Reserve prepares a separate CUSIP for each of the distinct interest and principal payments for that security, so that the Benchmark Notes becomes eligible to strip.<sup>3</sup> Then when a market participant wants to strip Benchmark Notes the participant merely needs to inform the clearing bank that holds the security, which in turn will relay the information required for stripping to the Federal Reserve through the Fedwire<sup>4</sup> system.

If the Federal Reserve receives the required security information from the clearing bank before 9:30 a.m. EST in the morning, the Federal Reserve will execute a program which will take the submitted Benchmark Notes security and strip the interest payments and principal payments into distinct cash flows. Each of these distinct cash flows will then be given the unique CUSIPs that were established when the Benchmark Note was originally issued and Fannie Mae submitted the agency uniform book-entry term sheet to the Federal Reserve. The Federal Reserve will charge a fee for the stripping service and the use of Fedwire. Some of these fees may include a basic transfer origination fee as well as other applicable fees. A partial list of the applicable fees are listed on the Federal Reserve website at [www.frb.services.org/servicefees](http://www.frb.services.org/servicefees). Once the security is stripped, the distinct interest and principal payments are provided with individual CUSIPs. **Figure 1** shows a 10-year Benchmark Note that was issued in September of 2004. As can be seen from the figure below, when the 10-year Benchmark Note was issued in September 2004, it had a coupon of 4.625% and a maturity date of October 2014. This security was then submitted to the Federal Reserve for stripping into its component

parts, including its corpus (31358DHD9 – due in 10/15/2014), and its interest components (31359YEJZ – matured on 4/15/05, 3139YEK9 – matured in 10/15/05, 31359YEL7 – matured in 4/15/06.) The rest of the stripped interest components also each have distinct CUSIPs assigned to them.

## Outstanding Stripped Fannie Mae Debt Securities

The amount of outstanding stripped Fannie Mae debt securities stood at approximately \$8.7 billion notional as of August 31, 2009. This amount has more than doubled since 2003, when the amount of outstanding Fannie Mae debt that had been stripped stood at \$4 billion. As can be seen from the snapshot of stripped Fannie Mae debt securities that is listed on the Fannie Mae website, (**Figure 2**) the 35 debt securities that have been stripped had an original notional amount of \$124.1 billion at issuance. Of the original \$124.1 billion of debt securities that had originally been issued, \$8.7 billion of those securities had been stripped, leaving an unstripped balance of \$115.4 billion. As a result, most of the outstanding securities that have been stripped still have relatively large unstripped balances that remain outstanding. Of the 35 outstanding CUSIPs, only five of those securities have an outstanding unstripped balance of less than \$1 billion, and one of those five securities had been completely stripped so it has an unstripped balance of \$0. The minimum issue size for a Fannie Mae debt security to be listed on TradeWeb is \$1 billion dollars.

Of the current 35 outstanding issues that have been stripped, the largest outstanding stripped amount for any one CUSIP is currently \$2.6 billion. Also, of the \$8.7 billion in currently outstanding Fannie Mae stripped securities, 90 percent of that amount is made up of Benchmark Notes. However, 10 percent of those outstanding stripped Fannie Mae debt securities are Medium-Term Notes. Two of the MTNs that make up the bulk of this 10% were stripped back in the late 1990s and were originally 30-year bonds when they were issued in 1997 and 1998, respectively. However, it is interesting to note that a five-year MTN that was issued in May of 2009 was stripped as well.

<sup>3</sup> If a market participant wishes to strip a Medium Term Note rather than Benchmark Notes, then the market participants, who wishes to strip the security can contact Fannie Mae and inform the company of their intention to strip a specific Fannie Mae MTN. In turn, Fannie Mae will complete the required paperwork to make that MTN strip eligible and then submit these documents to the Federal Reserve.

<sup>4</sup> Fedwire: Fedwire is a real time gross settlement system that offers participants the ability to send and receive time critical payments for their own account or on behalf of their clients, provide cash concentration payments, settle positions with other financial institutions and/or clearing arrangements, submit federal tax payments, and buy and sell Federal Reserve Funds.

## Investor Base for Stripped Fannie Mae Debt Securities

There are many reasons why investors may be motivated to strip a Fannie Mae debt security. The reasons why investors invest in Fannie Mae debt strips has probably changed over the years, as the average duration of debt that Fannie Mae issues has gradually

changed. In the late 1990s and the early 2000s, much of the debt that was stripped was 30-year debt. However, as the average term of the Fannie Mae debt issued has gradually decreased, the terms of Fannie Mae strips that have been created in recent years has also decreased. Most of the Fannie Mae debt that has been stripped since 2005 has been Fannie Mae

### Strip Activity

#### Stripped Debt Securities

Some of our debt securities are eligible for stripping into principal and interest components through the Federal Reserve Book Entry System. All of our Benchmark Notes are eligible for stripping. Strip eligibility may provide investors with cash management flexibility.

#### Strip Report as of August 2009

Original CUSIP	Issue Date	Maturity Date	Amount Issued \$ (thousands)	Unstripped Balance \$ (thousands)	Corpus (principal) CUSIP	Net Stripped to Date \$ (thousands)
31364CDR6	5/29/1996	5/29/2026	26,465	6,465	31364EAD6	-20,000
31364FDC2	10/8/1997	10/8/2027	311,155	11,155	31364EAV6	-300,000
31364FVZ1	3/23/1998	3/23/2028	257,875	2,875	31364EBA1	-255,000
31359MEA7	8/6/1998	8/7/2028	264,259	101,759	31358DCS1	-162,500
31359MEU3	5/15/1999	5/15/2029	2,350,000	2,318,000	31358DDC5	-32,000
31359MEY5	9/1/1999	9/15/2009	7,950,000	7,852,400	31358DDK7	-97,600
31359MFG3	1/14/2000	1/15/2010	8,128,000	8,010,400	31358DDP6	-117,600
31359MFJ7	1/15/2000	1/15/2030	2,833,666	1,337,666	31358DDG6	-1,496,000
31359MFP3	5/5/2000	5/15/2030	3,650,000	1,042,800	31358DDR2	-2,607,200
31359MFS7	6/9/2000	6/15/2010	4,905,000	4,797,800	31358DDL5	-107,200
31359MGJ6	11/3/2000	11/15/2010	5,574,000	5,423,600	31358DDX9	-150,400
31359MGK3	11/3/2000	11/15/2030	4,406,000	2,876,400	31358DDS0	-1,529,600
31359MHK2	3/26/2001	3/15/2011	4,500,000	4,477,200	31358DED2	-22,800
31359MJH7	5/25/2001	5/15/2011	8,500,000	8,435,600	31358DEC4	-64,400
31359MLS0	11/23/2001	11/15/2011	4,750,000	4,550,000	31358DFT6	-200,000
31359MMQ3	3/26/2002	3/15/2012	4,800,000	4,513,600	31358DEP5	-286,400
31359MPF4	9/23/2002	9/15/2012	5,090,000	4,830,480	31358DFA7	-259,520
31359MQV8	2/18/2003	2/21/2013	2,652,812	2,429,612	31358DFP4	-223,200
31359MRG0	3/28/2003	3/15/2013	4,600,000	4,387,520	31358DFW9	-212,480
31359MTG8	9/26/2003	10/15/2013	4,500,000	4,437,600	31358DGL2	-62,400
31359MUT8	3/25/2004	4/15/2014	3,700,000	3,652,000	31358DGX6	-48,000
31359MWJ8	9/17/2004	10/15/2014	4,000,000	3,892,800	31358DHD9	-107,200
31359MXH1	3/30/2005	4/15/2015	3,000,000	2,971,200	31358DHF4	-28,800
31359MA45	3/30/2005	4/15/2015	3,000,000	2,968,440	31358DHH0	-31,560
3136F7BE6	6/21/2005	6/21/2010	250,000	249,040	31358DJU9	-960
31359MYN7	7/22/2005	8/15/2010	3,000,000	2,997,600	31358DHM9	-2,400
31359MZC0	9/12/2005	10/15/2015	4,000,000	3,990,400	31358DHL1	-9,600
31359MZL0	11/23/2005	12/15/2010	3,000,000	2,997,600	31358DHS6	-2,400
31359MC92	1/20/2006	2/15/2011	3,000,000	2,976,000	31358DHN7	-24,000
31359MF40	6/15/2006	2/15/2011	3,000,000	2,926,000	31358DHU1	-74,000
31359MZ30	10/19/2006	10/15/2011	3,000,000	2,981,760	31358DJD7	-18,240
31398ABX9	5/18/2007	5/18/2012	4,000,000	3,993,600	31358DJK1	-6,400
31398AHZ8	10/18/2007	11/19/2012	4,000,000	3,993,600	31358DJT2	-6,400
31398AMV1	2/7/2008	4/9/2010	3,000,000	2,990,000	31358DJZ8	-10,000
3136FHTD7	5/8/2009	5/15/2013	154,000	0	31358DKQ6	-154,000

#### In Strip Activity

#### Strip Activity

#### Stripped Debt Securities

five-year Benchmark Notes, with the exception of one two-year debt security which was issued in 2008 and subsequently stripped.

A number of different investor segments find stripped securities appealing. Current investors in our strip securities tend to have specific short term liability needs – such as municipalities (which are undertaking public works projects) or legal defeasance entities. A municipality, for example, could raise funds in order to build a football stadium by issuing a bond in the capital markets. However, it may be the case that the municipality will not actually need the funds until some future date, so it may make sense to invest the bond proceeds in a strip which would allow the municipality to make a predetermined payment to the stadium builder at some date in the future. In a similar manner, a legal entity may receive cash as the result of a legal settlement. For example, a state may have received a payment for a tobacco settlement, but the entity may not need to actually use the money for a predefined purpose until some later date. Again, the immediate proceeds from the settlement could be invested in strips which will eventually mature and then could be used to satisfy the legal entity's future cash flow needs.

In the past, when Fannie Mae issued longer-dated Benchmark Notes or Bonds, insurance companies and pension funds were probably more active in stripping Fannie Mae debt securities. Pension Funds, for example, tend to have future required retirement payments that are fairly predictable, so it may make sense for some pension funds with predictable cash needs in the future to have invested in Fannie Mae debt strips. In a similar manner, insurance companies that have longer term liabilities often need to offset those liabilities with longer duration assets. As a result, insurance companies were more active in

stripping Fannie Mae 30-year bonds in the late 1990s, but may be less active in the agency strip market currently.

## Conclusion

In this edition of FundingNotes we examined the manner in which an investor can go about stripping a Fannie Mae debt security. We then examined the current population of Fannie Mae debt securities outstanding that have been stripped and the trend of the shorter terms of those securities that have been stripped in recent years. Finally, we have examined the investor base for Fannie Mae's stripped debt securities, and discussed how the current population of investors in our stripped debt securities is most likely comprised of shorter-term investors with shorter-term investment horizons, such as municipalities and legal entities with defeasance needs.



## FUNDINGNOTES®

*For Fannie Mae's Investors and Dealers*

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## Fannie Mae Funding Liabilities and Debt Outstanding 2006 through September 30, 2009

<b>Funding Liabilities and Debt Outstanding (in millions)</b>	<b>12/31/06</b>	<b>12/31/07</b>	<b>12/31/08</b>	<b>9/30/09</b>
Federal Fund Borrowings	\$ 700	\$ -	\$ -	\$ -
Other Short Term Funding Liabilities <sup>1</sup>	-	869	77	112
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase</b>	<b>\$ 700</b>	<b>\$ 869</b>	<b>\$ 77</b>	<b>\$ 112</b>
Average maturity (in days)	1	1	-	19
Discount Notes <sup>13</sup>	\$ 83,893	\$ 155,358	\$ 272,476	\$ 237,642
FX Discount Notes	1,917	859	402	328
Other Short Term Debt <sup>2</sup>	5,613	50	7,661	3,069
<b>Total Short Term Debt<sup>3</sup></b>	<b>\$ 167,923</b>	<b>\$ 236,267</b>	<b>\$ 332,542</b>	<b>\$ 241,039</b>
Average maturity (in days)	81	74	102	78
Benchmark Notes & Bonds <sup>4</sup>	\$ 277,706	\$ 256,823	\$ 251,315	\$ 271,746
Callable Benchmark Notes <sup>4</sup>	-	-	-	-
Subordinated Benchmark Notes	11,000	9,000	7,398	7,398
Callable Fixed Rate MTNs <sup>5,6</sup>	192,374	207,504	190,950	196,253
Noncallable Fixed Rate MTNs <sup>5,6</sup>	114,242	77,331	50,131	44,631
Callable Floating Rate MTNs <sup>5,6</sup>	831	8,135	1,530	4,336
Noncallable Floating Rate MTNs <sup>5,6</sup>	5,470	5,761	45,470	46,715
Other Long Term Debt <sup>7</sup>	4,138	4,580	3,763	3,389
<b>Total Long Term Debt<sup>8,9</sup></b>	<b>\$ 605,761</b>	<b>\$ 569,134</b>	<b>\$ 550,557</b>	<b>\$ 574,468</b>
Average maturity (in months)	57	68	66	61
<b>Agreements to Repurchase and Debt Outstanding</b>	<b>\$ 774,384</b>	<b>\$ 806,270</b>	<b>\$ 883,176</b>	<b>\$ 815,619</b>
Average maturity (in months)	45	48	42	44

## Fannie Mae Funding Liabilities and Debt Issuance 2006 through September 30, 2009

<b>Funding Liabilities and Debt Issuance (in millions)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Federal Fund Borrowings	\$ 58,186	\$ 13,065	\$ 5,617	\$ -
Other Short Term Funding Liabilities <sup>1</sup>	172,493	25,324	60,888	4,206
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase</b>	<b>\$ 230,679</b>	<b>\$ 38,389</b>	<b>\$ 66,505</b>	<b>\$ 4,206</b>
Discount Notes	\$ 2,030,188	\$ 1,499,540	\$ 1,547,462	\$ 1,055,793
FX Discount Notes	6,379	2,291	2,583	894
Other Short Term Debt <sup>10</sup>	4,863	86,777	8,661	50
<b>Total Short Term Debt<sup>3</sup></b>	<b>\$ 2,041,430</b>	<b>\$ 1,588,608</b>	<b>\$ 1,558,706</b>	<b>\$ 1,056,737</b>
Benchmark Notes & Bonds	\$ 42,000	\$ 37,000	\$ 50,500	\$ 61,000
Callable Benchmark Notes	-	-	-	-
Subordinated Benchmark Notes	-	-	-	-
Callable Fixed Rate MTNs <sup>6</sup>	113,716	135,886	150,255	147,551
Noncallable Fixed Rate MTNs <sup>6</sup>	20,898	8,438	4,336	2,517
Callable Floating Rate MTNs <sup>6</sup>	2,700	8,275	1,280	3,846
Noncallable Floating Rate MTNs <sup>6</sup>	2,000	4,176	41,284	23,180
Other Long Term Debt <sup>11</sup>	0	138	743	208
<b>Total Long Term Debt<sup>8</sup></b>	<b>\$ 181,314</b>	<b>\$ 193,913</b>	<b>\$ 248,399</b>	<b>\$ 238,302</b>
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Issued</b>	<b>\$ 2,453,423</b>	<b>\$ 1,820,910</b>	<b>\$ 1,873,610</b>	<b>\$ 1,299,245</b>
<b>Net Issuance Long Term Debt<sup>12</sup></b>	<b>\$ 12,058</b>	<b>\$ (39,201)</b>	<b>\$ (18,363)</b>	<b>\$ 23,781</b>

Please see the Endnotes on the following page for more detail.

## Endnotes

### Footnotes for Tables 1 and 2

- <sup>1</sup> Other Short Term Funding Liabilities includes Benchmark repos, contingency repo lending, and other short term funding liabilities. For 2006, the Other Short Term Funding Liabilities amount of \$172,493 million includes intra-days loans in the amount of \$163,509 million.
- <sup>2</sup> For 2007 and thereafter Other Short Term Debt consists of coupon bearing short term notes. For 2006 Other Short Term Debt consists of coupon bearing short term notes and investment agreements.
- <sup>3</sup> Short term debt consists of borrowings with an original contractual maturity of one year or less.
- <sup>4</sup> Outstanding Benchmark Notes & Bonds with expired call options are reported as Benchmark Notes & Bonds.
- <sup>5</sup> Outstanding MTNs with expired call options are reported as Noncallable MTNs.
- <sup>6</sup> MTNs include all long term non-Benchmark Securities such as globals, zero coupon securities, medium term notes, Final Maturity Amortizing Notes, and other long term debt securities.
- <sup>7</sup> For 2007 and thereafter Other Long Term Debt consists of long term foreign currency debt, investment agreements, and other long term securities. For 2006 Other Long Term Debt consists of long term foreign currency debt and other long term securities.
- <sup>8</sup> Long term debt consists of borrowings with an original contractual maturity of greater than one year.
- <sup>9</sup> Unamortized discounts and issuance costs of long term zero coupon securities are approximately \$11 billion at December 31, 2006, \$10.8 billion at December 31, 2007, \$14.8 billion at December 31, 2008 and \$15.7 billion at September 30, 2009.
- <sup>10</sup> For months beginning Oct 2007 and thereafter Other Short Term Debt includes coupon bearing short term notes. For 2006 and the first 9 months of 2007, Other Short Term Debt includes coupon bearing short term notes and investment agreements. For 2007, the Other Short Term Debt issuance amount of \$86,777 million includes intra-days loans in the amount of \$86,727 million.
- <sup>11</sup> For months beginning Oct 2007 and thereafter Other Long Term Debt consists of long term foreign currency debt, investment agreements, and other long term securities. For 2006 Other Long Term Debt consists of long term foreign currency debt and other long term securities.
- <sup>12</sup> Net Issuance Long Term Debt amounts represent the difference between long term debt issued and long term debt repaid during the period. For any period, a positive value indicates that the amount of long term debt issued was greater than the amount of long term debt repaid, and a negative value indicates that the amount of long term debt repaid was greater than the amount of long term debt issued.
- <sup>13</sup> Prior period amounts have been collapsed to conform to the current period presentation.

Fannie Mae makes a good faith effort to publish the data in a scheduled manner. Fannie Mae does not guarantee that it will always publish the data when scheduled, and Fannie Mae expressly disclaims any liability for any delay in publishing the data. Fannie Mae reserves the right to publish and/or revise the data. This material should not be construed as an investment recommendation, an offer to buy/sell, or the solicitation of an offer to buy/sell any product or instrument. Although Fannie Mae reasonably attempts to ensure the accuracy of the information it publishes, the company does not represent, warrant or guarantee the accuracy of the data's calculations or the accuracy of the data as published. Fannie Mae shall not have any liability or responsibility, regardless of the cause, for any errors or omissions in connection with the use, misuse, release or distribution of this information.

### General

On November 9, 2007, we filed current financial statements in our Form 10-Q for the third quarter of 2007. As a result, beginning with the data for October 2007, we are implementing data reclassifications and other changes to better align the statistical information we present in our funding summary report with the financial information we report in our quarterly and annual filings with the SEC.

Previously reported amounts have been revised to conform to the current period presentation and to reflect the completion of Fannie Mae's 2005 audited financial statements.

Funding Liabilities and Debt include Federal Funds Purchased and Securities Sold under Agreements to Repurchase, Short Term Debt and Long Term Debt.

Reported amounts represent the unpaid principal balance at each reporting period or, in the case of the long term zero coupon bonds, at maturity. Unpaid principal balance does not reflect the effect of debt basis adjustments, including discounts, premiums, and issuance costs.

Numbers may not foot due to rounding.

## Debt Securities Index Reports

	September % of BIG	September Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return		September % of Agg	September Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return
<b>Citigroup</b>							<b>Barclays Capital</b>						
<b>Fannie Mae Index:</b>							<b>Fannie Mae Index:</b>						
1-10 Years	2.85	0.77	1.99	1.77	1.46	8.65	1-10 Years	2.84	0.69	1.92	1.74	1.59	7.92
10+ Years	2.63	0.55	1.62	1.74	2.14	8.26	10+ Years	2.56	0.51	1.54	1.67	2.14	7.56
Callable	0.22	3.43	6.53	2.14	-4.91	12.47	Callable	0.29	2.28	5.43	2.25	-2.40	10.73
Noncallable	0.67	0.40	1.46	1.89	1.80	5.86	Noncallable	0.91	0.62	1.59	1.59	2.12	5.84
Globals*	2.17	0.88	2.15	1.77	1.41	9.07	Globals	1.94	0.72	2.07	1.80	1.33	8.88
	1.68	0.86	2.17	1.79	1.56	8.81		2.06	0.73	1.97	1.72	1.42	8.51
<b>Agency:</b>							<b>Agency:</b>						
Callable	7.39	0.76	2.01	1.50	1.16	8.49	Callable	9.21	0.66	1.82	1.75	1.63	8.06
Noncallable	1.23	0.36	1.40	1.83	2.03	5.93	Noncallable	2.06	0.60	1.57	1.53	2.24	5.58
Globals	6.15	0.84	2.12	1.48	1.07	8.73	Globals****	7.16	0.68	1.88	1.80	1.44	8.88
	4.15	0.78	2.09	1.77	1.62	9.01		6.59	0.63	1.77	1.70	1.55	8.68
<b>Citigroup Index**:</b>							<b>Barclays Aggregate Index:</b>						
U.S. Treasury	100.00	1.07	3.55	4.80	5.04	10.98	U.S. Treasury	100.00	1.05	3.74	5.59	5.72	10.56
GSE***	26.81	0.75	2.07	-1.03	-2.44	6.19	GSE***	26.01	0.78	2.10	-0.98	-2.29	6.26
Credit	8.36	0.74	2.04	1.68	1.36	8.47	Government-Related***	13.40	0.93	2.65	3.10	2.68	8.55
MBS	25.18	1.82	7.50	16.39	15.11	19.91	Corporate	19.07	1.78	8.12	19.41	17.11	21.77
ABS	39.15	0.87	2.44	2.88	5.20	9.69	MBS	37.77	0.80	2.31	3.03	5.29	9.85
	0.30	2.04	7.17	16.58	26.25	17.77	ABS	0.40	1.87	6.30	14.42	23.07	14.68
							CMBS	3.34	2.14	12.70	26.75	24.38	7.56

\* In July 2009 the definition of Globals changed due to a change in index methodology. Previously, if a bond was classified as the Eurodollar Index, then it was "Global." Currently, if a bond is cleared in DTC, Euroclear/Clearstream and/or other clearances, then it is "Global."

\*\* Components of Broad (BIG) Index: Treasury, GSE, Corporate, Mortgage

\*\*\* Includes US agencies

\*\*\*\* Includes World Bank global issues

This data has been compiled from reports supplied by Citigroup and Barclays Capital and is reproduced here with their permission. The indexes are constructed according to rules developed by these firms and the index values are calculated by them.

## Summary Breakdown of 2009 Debt Issuances

Includes all settled fixed-rate debt issues with maturities greater than one year. Variable rate debt is not included in totals.

Fannie Mae Fixed-Rate Callable Debt				Fannie Mae Fixed-Rate Callable Debt					
September 2009				September 2009					
Maturity/Call (Year)	Par Amount (in thousands)	# Issues	YTD 2009 Par Amount (in thousands)	# Issues	Maturity/Call (Year)	Par Amount (in thousands)	# Issues	YTD 2009 Par Amount (in thousands)	# Issues
1.49 NC 0.25			1,435,000,000	11	5.00 NC 3.00			250,000,000	10
1.99 NC 0.99			50,000,000	2	5.02 NC 1.51			40,000,000	1
2.00 NC 0.24			250,000,000	1	5.25 NC 2.00	25,000,000	1	25,000,000	1
2.00 NC 0.25			6,390,000,000	28	5.25 NC 2.25			15,000,000	1
2.00 NC 0.42			800,000,000	6	5.49 NC 0.25			10,000,000	1
2.00 NC 0.50	520,000,000	8	1,825,000,000	26	5.49 NC 1.00	10,000,000	1	35,000,000	2
2.00 NC 1.00	1,000,000,000	1	28,685,000,000	85	5.49 NC 2.00	25,000,000	1	25,000,000	1
2.01 NC 1.01			1,000,000,000	1	5.50 NC 0.25			310,000,000	12
2.02 NC 1.02			80,000,000	4	5.50 NC 0.50			65,000,000	3
2.05 NC 1.05			150,000,000	4	5.50 NC 1.00			35,000,000	2
2.06 NC 1.06			2,000,000,000	1	5.50 NC 1.50			20,000,000	2
2.08 NC 1.08			1,000,000,000	1	5.50 NC 2.00			40,000,000	2
2.17 NC 1.17			10,000,000	1	5.59 NC 0.25			10,000,000	1
2.25 NC 0.25			275,000,000	2	5.67 NC 0.50			20,000,000	1
2.25 NC 0.50			160,000,000	3	5.75 NC 2.00			15,000,000	1
2.25 NC 0.76			25,000,000	1	6.00 NC 0.24			105,000,000	2
2.25 NC 1.00	205,000,000	9	605,000,000	17	6.00 NC 0.25			200,000,000	4
2.34 NC 1.17			20,000,000	1	6.00 NC 0.50			55,000,000	1
2.42 NC 0.42			25,000,000	2	6.00 NC 1.00	25,000,000	1	280,000,000	10
2.49 NC 0.25			95,000,000	2	6.00 NC 2.00	15,000,000	1	115,000,000	5
2.49 NC 0.50			195,000,000	2	6.00 NC 3.00			25,000,000	1
2.49 NC 1.00			395,000,000	13	6.33 NC 2.33			15,000,000	1
2.50 NC 0.25			325,000,000	6	6.42 NC 1.42			30,000,000	3
2.50 NC 0.50	200,000,000	2	750,000,000	12	6.49 NC 0.24			10,000,000	1
2.50 NC 0.75			30,000,000	1	6.50 NC 0.25			10,000,000	1
2.50 NC 1.00	235,000,000	6	2,340,000,000	59	6.50 NC 1.00			15,000,000	1
2.75 NC 0.25			175,000,000	2	6.50 NC 2.00			20,000,000	2
2.75 NC 0.75	100,000,000	1	100,000,000	1	6.67 NC 0.25			10,000,000	1
2.75 NC 1.00	15,000,000	1	945,000,000	34	6.75 NC 1.75			15,000,000	1
2.75 NC 1.75			25,000,000	2	7.00 NC 0.24			35,000,000	3
2.83 NC 0.83	65,000,000	1	65,000,000	1	7.00 NC 0.25			525,000,000	21
3.00 NC 0.24			856,000,000	24	7.00 NC 0.50	75,000,000	3	305,000,000	10
3.00 NC 0.25			1,285,000,000	30	7.00 NC 1.00			4,910,000,000	20
3.00 NC 0.50	235,000,000	3	2,666,500,000	30	7.00 NC 1.50			50,000,000	2
3.00 NC 0.51			400,000,000	2	7.00 NC 2.00	25,000,000	1	220,000,000	12
3.00 NC 0.75			25,000,000	1	7.00 NC 3.00			25,000,000	1
3.00 NC 1.00	3,925,000,000	10	20,031,000,000	98	7.01 NC 3.01	500,000,000	1	500,000,000	1
3.00 NC 1.49			85,000,000	1	7.25 NC 2.25			20,000,000	2
3.00 NC 1.50			375,000,000	8	7.50 NC 0.25			235,000,000	14
3.00 NC 2.00			760,000,000	18	7.50 NC 1.50			40,000,000	4
3.01 NC 1.01	25,000,000	1	25,000,000	1	7.50 NC 2.00			10,000,000	1
3.02 NC 0.52			100,000,000	1	7.50 NC 2.25			20,000,000	2
3.17 NC 1.17			20,000,000	2	7.52 NC 2.01			20,000,000	2
3.25 NC 1.00	75,000,000	3	100,000,000	4	7.75 NC 2.00			20,000,000	2
3.25 NC 1.25	50,000,000	2	75,000,000	3	7.84 NC 1.59			10,000,000	1
3.41 NC 1.41			15,000,000	1	8.00 NC 0.24			10,000,000	1
3.42 NC 0.25			10,000,000	1	8.00 NC 0.25			60,000,000	3
3.50 NC 0.24			250,000,000	1	8.00 NC 0.50	210,000,000	8	210,000,000	8
3.50 NC 0.25			569,800,000	17	8.42 NC 0.25			10,000,000	1
3.50 NC 0.50	275,000,000	2	540,000,000	10	8.50 NC 1.00			10,000,000	1
3.50 NC 1.00	275,000,000	2	1,795,000,000	37	8.50 NC 1.49			25,000,000	2
3.50 NC 1.25			10,000,000	1	9.00 NC 0.25			20,000,000	2
3.50 NC 1.49			75,000,000	2	9.00 NC 1.00	20,000,000	2	20,000,000	2
3.50 NC 1.50			285,000,000	9	10.00 NC 0.24			100,000,000	7
3.50 NC 2.00			205,000,000	9	10.00 NC 0.25			2,915,000,000	70
3.51 NC 1.00			110,000,000	3	10.00 NC 0.50	120,000,000	5	635,000,000	23
3.59 NC 0.25			10,000,000	1	10.00 NC 1.00	160,000,000	7	1,556,000,000	33
3.75 NC 0.24			25,000,000	1	10.00 NC 2.00			15,000,000	1
3.75 NC 1.00			25,000,000	1	10.00 NC 2.50	15,000,000	1	15,000,000	1
3.76 NC 0.76			100,000,000	4	10.00 NC 3.00			25,000,000	1
3.84 NC 0.84			10,000,000	1	10.00 NC 4.00	25,000,000	1	55,000,000	2
3.92 NC 0.91			25,000,000	1	11.00 NC 1.00	25,000,000	1	40,000,000	2
4.00 NC 0.24			280,000,000	3	12.00 NC 0.24			25,000,000	1
4.00 NC 0.25			40,000,000	2	12.00 NC 0.25			90,000,000	4
4.00 NC 0.50			210,000,000	6	12.00 NC 0.50	85,000,000	4	200,000,000	9
4.00 NC 1.00	140,000,000	3	500,000,000	13	12.00 NC 1.00	25,000,000	1	75,000,000	3
4.00 NC 2.00			20,000,000	1	13.00 NC 0.25			51,000,000	2
4.08 NC 1.08			10,000,000	1	13.00 NC 1.00	25,000,000	1	25,000,000	1
4.50 NC 0.24			250,000,000	1	14.00 NC 0.50			10,700,000	1
4.50 NC 0.25			275,000,000	3	15.00 NC 0.24			1,271,000,000	29
4.50 NC 1.00			175,000,000	8	15.00 NC 0.25			6,597,500,000	170
4.50 NC 1.50			25,000,000	2	15.00 NC 0.50	335,000,000	13	3,920,000,000	105
4.58 NC 1.08			15,000,000	1	15.00 NC 0.75			20,000,000	1
4.75 NC 0.25			10,000,000	1	15.00 NC 1.00	480,000,000	14	3,681,000,000	60
4.99 NC 0.50			25,000,000	1	15.00 NC 2.00			250,000,000	1
5.00 NC 0.24			530,000,000	19	15.00 NC 3.00			50,000,000	1
5.00 NC 0.25			3,550,000,000	83	15.00 NC 4.00	15,000,000	1	65,000,000	2
5.00 NC 0.50	750,000,000	20	2,185,000,000	58	15.00 NC 5.00			90,000,000	2
5.00 NC 1.00	2,000,000,000	17	16,770,000,000	99	15.01 NC 0.25			20,000,000	1
5.00 NC 1.25			40,000,000	2	15.03 NC 0.28			40,000,000	1
5.00 NC 1.50			40,000,000	2	20.00 NC 1.00	345,000,000	10	1,437,075,000	44
5.00 NC 2.00	1,290,000,000	11	5,500,000,000	86	25.00 NC 1.00			140,000,000	8
5.00 NC 2.50	70,000,000	3	310,000,000	14	30.00 NC 1.00			6,988,010,000	33
5.00 NC 2.75			15,000,000	1	<b>TOTAL</b>			<b>151,395,585,000</b>	<b>1,874</b>

## 2009 Debt Redemptions

### Callable Debt Redeemed (in billions)

January	\$	13.3
February	\$	18.7
March	\$	12.5
April	\$	38.1
May	\$	22.2
June	\$	15.3
July	\$	5.5
August	\$	9.2
September	\$	8.1
<b>TOTAL</b>	<b>\$</b>	<b>142.9</b>

## Summary Breakdown of 2009 Benchmark Notes Issuance

### Fannie Mae Noncallable Benchmark Notes

<i>Maturity</i>	<i>September 09</i>		<i>YTD 2009</i>	
	<i>Par Amount</i>	<i># Issues</i>	<i>Par Amount</i>	<i># Issues</i>
2 Years			21,000,000,000	2
3 Years			14,000,000,000	3
5 Years			24,000,000,000	4
<b>TOTAL</b>			<b>\$ 59,000,000,000</b>	<b>9</b>