



**Office of Federal Housing Enterprise Oversight
(OFHEO)**

NEWS RELEASE

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**OFHEO Concurs with Fannie Mae Board Remedial
Actions Regarding Former and Current Employees**

Washington, DC – OFHEO concurs with the decision of Fannie Mae's Board to withhold all the remaining Performance Share Plan (PSP) bonuses for 46 former and present senior executives for the years 2001-2003 and 2002-2004. Approximately \$44 million was withheld. The Board concluded that the then-management team did not meet the prescribed performance standards. The action today in denying these benefits included all individuals eligible for the plans. It was not directed at any specific individual but rather reflected the performance of Fannie Mae in the years 2001-2004.

As part of the Consent Order that OFHEO signed with Fannie Mae on May 23, 2006, OFHEO asked the Board to review the present officers and employees mentioned in the Report of the Special Examination of Fannie Mae. They assigned the review to new and independent directors. This special committee recommended in a November report to OFHEO that the PSP bonuses be reviewed for not only present, but also former officers. OFHEO received the Board report, but indicated that the agency would not accept it as final until further actions were taken.

Along with the denial of PSP bonuses, the Board also recommended other actions regarding current employees. Since then, management has undertaken disciplinary and remedial steps.

With these actions OFHEO considers the Board's required review of current officers and employees complete. OFHEO continues to monitor closely Fannie Mae's performance in fulfilling the Consent Order and in its ongoing remediation efforts.

It should be noted that there are two open cycles of PSP bonuses, one for the three years ending in 2005 and one ending in 2006. They include bonuses for both current and former senior executives. Once the 2005 and the 2006 financials are completed, the Board will determine the amounts.

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