Fannie Mae
Preferred Offering Roadshow

FannieMae

December 5, 2007

Disclaimer/Safe Harbor

This presentation includes forward-looking statements, including statements relating to our future financial performance and condition, capital position, ability to take advantage of business opportunities, market share and credit losses; our strategy; and our expectations regarding the housing, credit and mortgage markets. Future results may differ materially from what is indicated in these forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, greater than expected delinquencies and credit losses on the mortgages we hold or guaranty, delinquencies and losses on subprime and Alt-A mortgage loans that back our private-label mortgage-related securities investments, further declines in home prices in excess of our current expectations, a recession or other economic downturn, a default by one or more of our significant institutional counterparties on its obligations to us, the loss of business volume from any of our key lender customers, and sudden and unexpected changes in interest rates, as well as others described in the “Risk Factors” sections in Fannie Mae’s quarterly report on Form 10-Q for the quarter ended September 30, 2007 and its annual report on Form 10-K for the year ended December 31, 2006, and in its reports on SEC Form 8-K.

As used in this presentation, the term “credit losses” refers to (1) charge-offs, excluding losses on loans we purchase from our MBS trusts, net of recoveries, plus (2) foreclosed property expense.

Other terms used but not defined in this presentation may be defined in our annual report on Form 10-K for the year ended December 31, 2006.

All data is as of September 30, 2007 except as noted.

Highlights

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- $7 billion capital raise addresses the following:
  - Capital cushion over regulatory requirements in this difficult environment
  - Additional capital to take advantage of select business growth opportunities
- Fannie Mae has experience to manage through credit cycles
  - Delinquencies are lower than industry average
  - Book has significant credit enhancement
- Dislocations in the market present opportunities going forward
  - Market share returning to GSEs
  - Guaranty fee prices increasing
  - Tightening underwriting standards
  - Wider spreads on mortgage portfolio acquisitions

Market Environment Changes in 2007

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Market disruptions

- Following a period of extended strength (2000–2007), liquidity has declined substantially, starting with subprime
- From the end of June to date, AAA-rated subprime ABS spreads have widened about 175 bps and AAA-rated CMBS spreads have widened by about 80 bps

Negative housing cycle

- Forecasting a peak-to-trough decline of 10-12%; 3% decline in home prices through the end of 2007 and 4-5% in 2008, although the precise timing of the declines is difficult to predict
- Months' supply of total existing homes increased to 10.8 months in October 2007 from 7.4 months in October 2006

Implications for Fannie Mae

Negative implications

- Single-family serious delinquency rate of 78 bps in September 2007, vs 61 bps in September 2006
- Increased credit losses – forecast 4-6 bps for 2007, increasing to 8-10 bps in 2008
- Negative credit mark-to-market impacts
- Earnings and capital pressure in 2007 and 2008

Positive implications

- Share increase – single-family new acquisition share approximately doubled
- Fee increase – single-family guaranty fees on new business were in excess of 30 bps in Q3
- Wider spreads on new portfolio acquisitions

Strategy

- Minimize credit losses
  - Stricter eligibility and tightened underwriting
  - Work servicing relationships with intent to increase workouts to over 50%
  - Increased focus on counterparty risk management
- Increase fees and maintain share
- Capitalize on business opportunities
- Deliver on mission: affordability, liquidity, stability
- Build capital surplus
  - Cushion against regulatory requirements
  - Additional capital to take advantage of business opportunities
- Management team is experienced on downside and upside

Credit

2008 Credit Loss Outlook

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- Expect 2008 credit losses to be in the 8-10 bps range, up from 4-6 bps in 2007, reflecting the following key assumptions and observations:
  - A peak-to-trough decline of 10-12%; 3% decline in home prices through the end of 2007 and 4-5% in 2008, although the precise timing of the declines is difficult to predict
  - Single-family seriously delinquent loans as of December 31, 2006 and October 31, 2007 were approximately 105,000 and 142,000 respectively
  - 60% of our seriously delinquent loans have credit enhancement[1]
  - Defaults and severity expected to increase consistent with market conditions, but severity to be mitigated by back-end credit enhancement and vintage of book

- Severe correction in housing market
  - The decline is expected to be nationwide and is estimated at about one-half of the magnitude of the decline experienced in Southern California in the early 1990's

[1] Based on unpaid principal balance of loans

Credit - Market Environment

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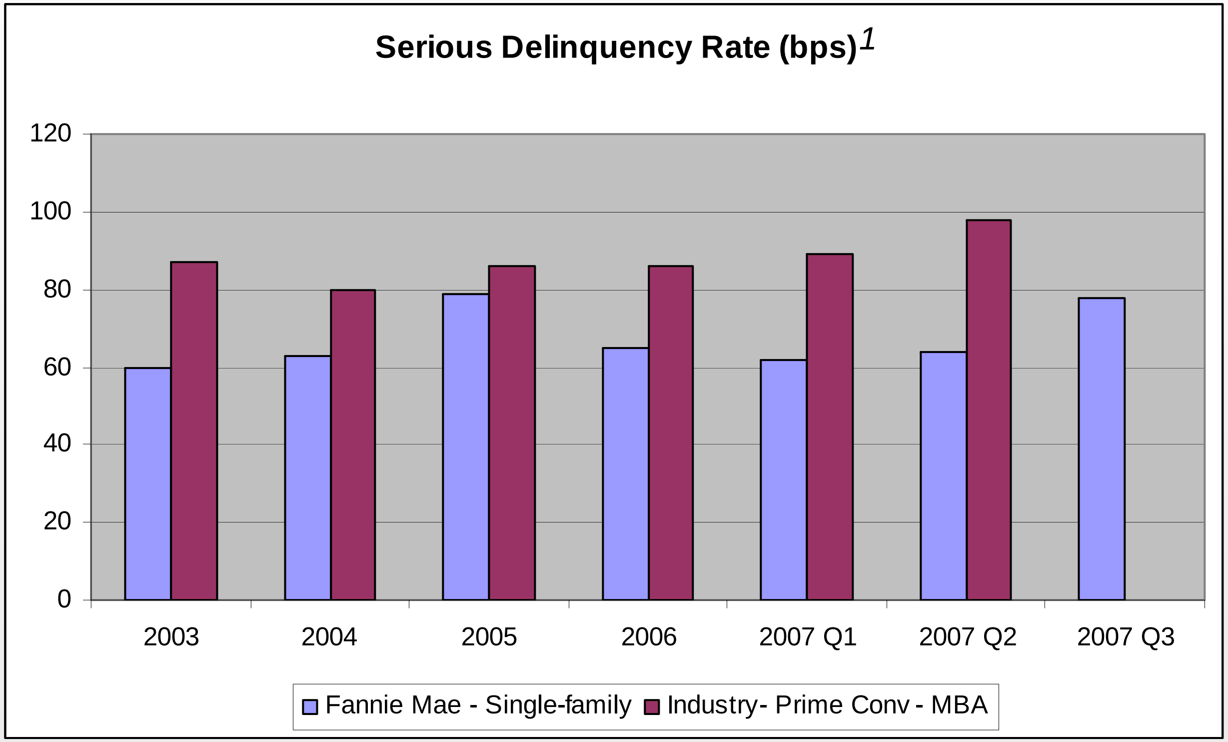
- Fannie Mae single-family serious delinquency rates are increasing, but remain below industry averages



[1] *Loans 90 or more days past due or in the process of foreclosure as of the end of each quarter.*

Source: Mortgage Bankers Association, National Delinquency Survey and Fannie Mae.

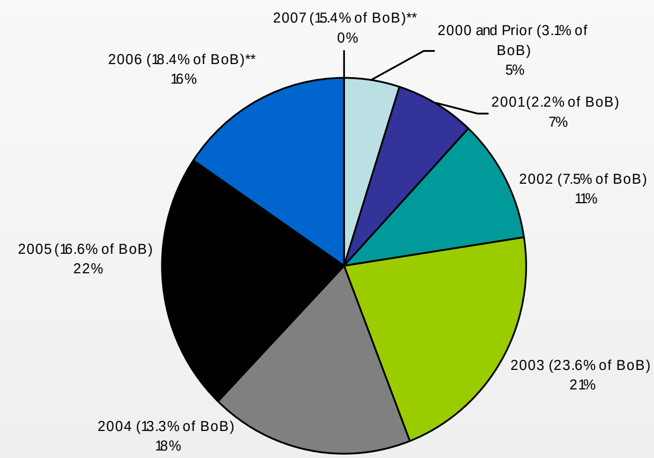
- Losses concentrated in a few key areas: Midwest, Alt-A and Affordable Housing

(For the nine months ended September 30, 2007)

Top Single-Family Credit Losses* by State

State	Actual Losses	% of Book of Business
MI	$185	3.2%
OH	101	2.8%
MN	35	2.0%
IN	32	1.5%
CA	30	15.4%
FL	21	7.5%
IL	21	4.5%

Single-Family Credit Losses* by Vintage



* *Credit losses are net charge-offs, excluding losses on loans we purchase from our MBS trusts, plus foreclosed property expenses.*

** *Expect the 2006 and 2007 books to deteriorate with age*

Fannie Mae Credit Profile by Key Product Features

Credit Characteristics of Single-Family Mortgage Credit Book of Business

(As of September 30, 2007)

Book Profile	Overall Book	Fixed Rate OLTV<80% and FICO>=680	NegAm	Interest Only	FICO<620	OLTV>90%	FICO<620 and OLTV >90%	Alt-A Loans	Subprime Loans
Balance (UPB $Bn) [(1)]	$2,427.7	$1,003.5	$24.7	$194.8	$117.9	$226.8	$27.5	$324.7	$7.3
Average UPB	$140,789	$134,615	$154,801	$233,391	$124,399	$129,768	$117,013	$173,643	$147,368
SDQ Rate	0.78%	0.14%	0.86%	1.18%	4.06%	2.41%	7.00%	1.36%	4.78%
Orig Yr 2005-2007	50.3%	41.0%	61.6%	88.2%	55.7%	61.7%	67.5%	70.4%	79.4%
Wtd Avg OLTV	71.2%	59.8%	70.7%	75.2%	76.9%	97.4%	98.2%	73.0%	78.7%
Wtd Avg FICO	721	750	693	724	588	688	591	719	622
% Principal Residence	89.9%	90.2%	73.0%	84.6%	96.8%	96.9%	99.5%	78.6%	95.9%
% With Credit Enhancement	20.0%	2.0%	73.3%	36.5%	37.3%	91.7%	94.5%	39.5%	79.2%
Share of Conv Credit Book [(2)]	100.0%	41.3%	1.0%	8.0%	4.9%	9.3%	1.1%	12.5%	0.3%
% of YTD 2007 Credit Losses [(3)]	100.0%	11.6%	0.8%	11.2%	20.1%	16.6%	6.0%	27.7%	0.8%

Note: categories are not mutually exclusive, so numbers are not additive across columns.

[1] Cohorts are based on the Single-Family Conventional Mortgage Credit Book, except the subprime and Alt-A volumes.

[2] Subprime and Alt-A are calculated as a percentage of the Single-Family Mortgage Credit Book, which includes government loans.

[3] Credit loss shares are calculated on total YTD 2007 credit losses, which include credit losses on government loans.

- *Credit losses are net charge-offs, excluding losses on loans we purchase from our MBS trusts, plus foreclosed property expenses.*

Management Actions on Credit

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- Tightening underwriting standards / reduced participation in riskier segments
  - Stricter eligibility on riskier business
  - Increased FICO, LTV and documentation requirements
- Increased loss mitigation efforts
  - Increased focus on work-outs
  - More aggressive in early buyouts when we see value
  - Encourage servicers to ramp up workouts and outreach programs to delinquent borrowers
- We purchased credit enhancement on riskier products
- We actively monitor our counterparties
  - Credit enhancement providers
  - Servicers

Businesses

Single-family Business

- #1 market position reestablished

  Market share gains – over 40% market share on new acquisitions

  - Increased pricing
  - MBS retains significant liquidity advantage

- Total book of business grew at a 13.3%[1] annualized rate through October 2007

  - Guaranty fees on new business in Q3 was greater than 30 bps

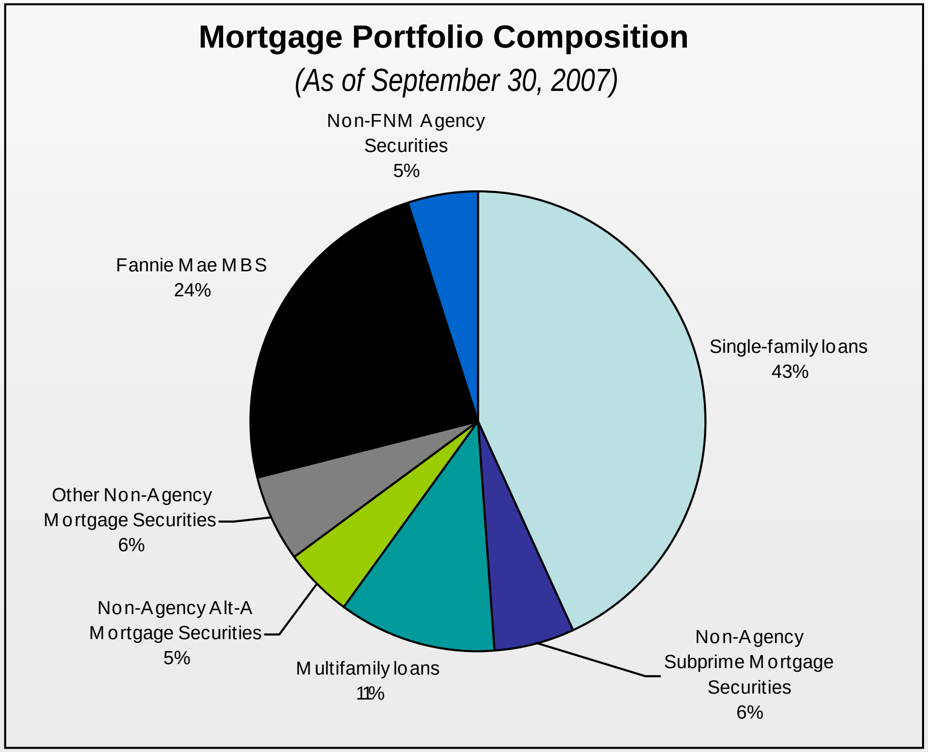
- Tightening underwriting standards
- Purchase of credit enhancement

[1] Data is from Monthly Summary.

Housing and Community Development (HCD)

- **Multifamily business having a good year**
  - Rental markets remain strong
  - Gaining share back
  - Improving pricing on new business
  - Wider spreads on portfolio acquisitions
  - Guaranty book growth 10% year-to-date to $134B
  - Serious delinquencies remain low – 8 bps in September 2007
  - Credit losses under 1 bp with 89% of the guaranty book credit enhanced
- **Major market participant in low-income housing tax credits industry**

- Estimated $723 billion mortgage portfolio for November 2007
- Net interest yield stabilizing in the mid-50 bps range
- 99% of subprime and 100% of Alt-A private label securities currently rated AAA



Exposure to Subprime and Alt-A Securities

(Data as of September 30, 2007)	Subprime		Alt-A	
	Securities	Wraps	Securities	Wraps
Balance (UPB $ billion)	$ 42.4	$ 6.2	$ 33.8	$ 0.6
Share of Total SF Credit Book	1.6%	0.2%	1.3%	0.0%
% AAA	99%	92%	100%	100%
% AA or below	1%	8%	0%	0%
Weighted Average Subordination	32%	47%	22%	8%

- Currently, Fannie Mae has no exposure to Collateralized Debt Obligations (CDOs)/Special Investment Vehicles (SIVs).

Financials

GAAP Financials – Historical Income Statement

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(Dollars in millions)	2007 Q1-Q3	2007 Q3	2006 Q1-Q3	2006 Q3
Net Interest Income	$ 3,445	$ 1,058	$ 5,407	$ 1,528
Net Interest Yield (bps)	*57*	*52*	*90*	*77*
Guaranty fee income	3,450	1,232	2,968	1,084
Effective g-fee rate (bps)	*22*	*23*	*21*	*23*
Trust Management Income	460	146	-	-
Fee and Other income	546	76	567	234
Net Revenues	7,901	2,512	8,942	2,846
Losses on Certain Guaranty Contracts	(1,038)	(294)	(181)	(103)
Investment gains (losses), net	(102)	136	(758)	550
Derivative fair value gains (losses), net	(891)	(2,244)	(854)	(3,381)
Losses from partnership investments	(527)	(147)	(579)	(197)
Administrative expenses	(2,018)	(660)	(2,249)	(761)
Credit-related expenses	(2,039)	(1,200)	(457)	(197)
Other non-interest expense	(242)	(87)	(40)	(29)
Income (loss) before federal income taxes and extraordinary gains (losses)	1,044	(1,984)	3,824	(1,272)
Benefit (provision) for federal income taxes	468	582	(380)	639
Extraordinary gains (losses), net of tax effect	(3)	3	11	4
Net income (loss)	$ 1,509	$ (1,399)	$ 3,455	$ (629)
Total Book of Business ($bn) (end of period)	2,767	2,767	2,481	2,481
Core Capital ($bn) (end of period)	41.7	41.7	41.8	41.8

Fair Value Balance Sheets

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Non-GAAP Supplemental Consolidated Fair Value Balance Sheets

	As of September 30, 2007			As of December 31, 2006		
	GAAP Carrying Value	Fair Value Adjustment[1]	Estimated Fair Value	GAAP Carrying Value	Fair Value Adjustment[1]	Estimated Fair Value
	(Dollars in millions)					
Assets:						
Cash and cash equivalents	$ 4,976	$ —	$ 4,976[2]	$ 3,972	$ —	$ 3,972[2]
Federal funds sold and securities purchased under agreements to resell	8,349	2	8,351[2]	12,681	—	12,681[2]
Trading securities	48,683	—	48,683[2]	11,514	—	11,514[2]
Available-for-sale securities	315,012	—	315,012[2]	378,598	—	378,598[2]
Mortgage loans:						
Mortgage loans held for sale	5,053	21	5,074[3]	4,868	(88)	4,780[3]
Mortgage loans held for investment, net of allowance for loan losses	394,550	(3,601)	390,949[3]	378,687	(2,821)	375,866[3]
Guaranty assets of mortgage loans held in portfolio	—	4,105	4,105[3][4]	—	3,669	3,669[3][4]
Guaranty obligations of mortgage loans held in portfolio	—	(5,299)	(5,299)[3][4]	—	(2,831)	(2,831)[3][4]
Total mortgage loans	399,603	(4,774)	394,829[2][3]	383,555	(2,071)	381,484[2][3]
Advances to lenders	11,738	(122)	11,616[2]	6,163	(152)	6,011[2]
Derivative assets at fair value	3,172	—	3,172[2]	4,931	—	4,931[2]
Guaranty assets and buy-ups	10,332	4,212	14,544[2][4]	8,523	3,737	12,260[2][4]
Total financial assets	801,865	(682)	801,183[2]	809,937	1,514	811,451[2]
Master servicing assets and credit enhancements	1,668	1,752	3,420[4][5]	1,624	1,063	2,687[4][5]
Other assets	36,250	2,901	39,151[5][6]	32,375	(948)	31,427[5][6]
Total assets	$ 839,783	$ 3,971	$ 843,754	$ 843,936	$ 1,629	$ 845,565
Liabilities:						
Federal funds purchased and securities sold under agreements to repurchase	$ 1,645	$ 2	$ 1,647[2]	$ 700	$ —	$ 700[2]
Short-term debt	153,146	199	153,345[2]	165,810	(63)	165,747[2]
Long-term debt	608,619	10,316	618,935[2]	601,236	5,358	606,594[2]
Derivative liabilities at fair value	1,336	—	1,336[2]	1,184	—	1,184[2]
Guaranty obligations	14,322	1,771	16,093[2]	11,145	(2,960)	8,185[2]
Total financial liabilities	779,068	12,288	791,356[2]	780,075	2,335	782,410[2]
Other liabilities	20,672	(2,572)	18,100[7]	22,219	(2,101)	20,118[7]
Total liabilities	799,740	9,716	809,456	802,294	234	802,528
Minority interests in consolidated subsidiaries	121	—	121	136	—	136
Stockholders' Equity:						
Preferred	9,008	(287)	8,721[8]	9,108	(90)	9,018[8]
Common	30,914	(5,458)	25,456[9]	32,398	1,485	33,883[9]
Total stockholders' equity/non-GAAP fair value of net assets	**$ 39,922**	**$ (5,745)**	**$ 34,177**	**$ 41,506**	**$ 1,395**	**$ 42,901**
Total liabilities and stockholders' equity	$ 839,783	$ 3,971	$ 843,754	$ 843,936	$ 1,629	$ 845,565

Explanation and Reconciliation of Non-GAAP Measures to GAAP Measures in Appendix

Losses on Loans Purchased from Trusts

- The average market price of loans purchased from pools in Q3 2007 was 71%[1] of UPB
- If market conditions deteriorate, cure rates are expected to decline

Years loans purchased from MBS	2003	2004	2005	2006
Cured[2]	59%	58%	61%	66%
Defaults[3]	37%	36%	30%	19%
90 Days or more Delinquent	4%	6%	9%	15%
Total	100%	100%	100%	100%

[1] *Includes value of primary mortgage insurance coverage.*

[2] *Includes current, payoffs, lender repurchases and less than 90-days delinquent.*

[3] *Includes foreclosures, pre-foreclosure sales, sales to third parties and deeds-in-lieu of foreclosure.*

Conclusion

- $7 billion capital raise addresses the following:
  - Capital cushion over regulatory requirements in this difficult environment
  - Additional capital to take advantage of select business growth opportunities
- Fannie Mae has experience to manage through credit cycles
  - Delinquencies are lower than industry average
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- Dislocations in the market present opportunities going forward
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Explanation and Reconciliation of Non-GAAP Measures Included in Fair Value Balance Sheets to GAAP Measures:

1 Each of the amounts listed as a "fair value adjustment" represents the difference between the carrying value included in our GAAP condensed consolidated balance sheets and our best judgment of the estimated fair value of the listed asset or liability.

2 We determined the estimated fair value of these financial instruments in accordance with the fair value guidelines outlined in SFAS No. 107, *Disclosures about Fair Value of Financial Instruments* ("SFAS 107"), as described in "Notes to Condensed Consolidated Financial Statements—Note 15, Fair Value of Financial Instruments" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 ("3rd Quarter 2007 Form 10-Q"). In Note 15, we also disclose the carrying value and estimated fair value of our total financial assets and total financial liabilities as well as discuss the methodologies and assumptions we use in estimating the fair value of our financial instruments.

3 We have separately presented the estimated fair value of "Mortgage loans held for sale," "Mortgage loans held for investment, net of allowance for loan losses," "Guaranty assets of mortgage loans held in portfolio" and "Guaranty obligations of mortgage loans held in portfolio." These combined line items together represent total mortgage loans reported in our GAAP condensed consolidated balance sheets. This presentation provides transparency into the components of the fair value of our mortgage loans associated with our guaranty business activities and the components of our capital markets business activities, which is consistent with the way we manage risks and allocate revenues and expenses for segment reporting purposes. While the carrying values and estimated fair values of the individual line items may differ from the amounts presented in Note 15 of our 3rd Quarter 2007 Form 10-Q, the combined amounts together equal the carrying value and estimated fair value amounts of total mortgage loans in Note 15.

4 In our GAAP condensed consolidated balance sheets, we report the guaranty assets associated with our outstanding Fannie Mae MBS and other guaranties as a separate line item and include buy-ups, master servicing assets and credit enhancements associated with our guaranty assets in "Other assets." The GAAP carrying value of our guaranty assets reflects only those guaranty arrangements entered into subsequent to our adoption of FIN No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FIN No. 34)* ("FIN 45"), on January 1, 2003. On a GAAP basis, our guaranty assets totaled $9.4 billion and $7.7 billion as of September 30, 2007 and December 31, 2006, respectively. The associated buy-ups totaled $894 million and $831 million as of September 30, 2007 and December 31, 2006, respectively. In our non-GAAP supplemental consolidated fair value balance sheets, we also disclose the estimated guaranty assets and obligations related to mortgage loans held in our portfolio. The aggregate estimated fair value of the guaranty asset-related components totaled $16.8 billion as of September 30, 2007, compared with $15.8 billion as of December 31, 2006. These components represent the sum of the following line items in the fair value balance sheets: (i) Guaranty assets of mortgage loans held in portfolio; (ii) Guaranty obligations of mortgage loans held in portfolio, (iii) Guaranty assets and buy-ups; and (iv) Master servicing assets and credit enhancements.

5 The line items "Master servicing assets and credit enhancements" and "Other assets" together consist of the assets presented on the following five line items in our GAAP condensed consolidated balance sheets: (i) Accrued interest receivable; (ii) Acquired property, net; (iii) Deferred tax assets; (iv) Partnership investments; and (v) Other assets. The carrying value of these items in our GAAP condensed consolidated balance sheets together totaled $38.8 billion and $34.8 billion as of September 30, 2007 and December 31, 2006, respectively. We deduct the carrying value of the buy-ups associated with our guaranty obligation, which totaled $894 million and $831 million as of September 30, 2007 and December 31, 2006, respectively, from "Other assets" reported in our GAAP condensed consolidated balance sheets because buy-ups are a financial instrument that we combine with guaranty assets in our SFAS 107 disclosure in Note 15 of our 3rd Quarter 2007 Form 10-Q. We have estimated the fair value of master servicing assets and credit enhancements based on our fair value methodologies discussed in Note 15.

6 With the exception of partnership investments and deferred tax assets, the GAAP carrying values of other assets generally approximate fair value. While we have included partnership investments at their carrying value in each of the non-GAAP supplemental consolidated fair value balance sheets, the fair values of these items are generally different from their GAAP carrying values, potentially materially. For example, our LIHTC partnership investments had a carrying value of $8.0 billion and an estimated fair value of $9.1 billion as of September 30, 2007. We assume that other deferred assets, consisting primarily of prepaid expenses, have no fair value. We adjust the GAAP-basis deferred income taxes for purposes of each of our non-GAAP supplemental consolidated fair value balance sheets to include estimated income taxes on the difference between our non-GAAP supplemental consolidated fair value balance sheets net assets, including deferred taxes from the GAAP condensed consolidated balance sheets, and our GAAP condensed consolidated balance sheets stockholders' equity. Because our adjusted deferred income taxes are a net asset in each year, the amounts are included in our non-GAAP fair value balance sheets as a component of other assets.

7 The line item "Other liabilities" consists of the liabilities presented on the following four line items in our GAAP condensed consolidated balance sheets: (i) Accrued interest payable; (ii) Reserve for guaranty losses; (iii) Partnership liabilities; and (iv) Other liabilities. The carrying value of these items in our GAAP condensed consolidated balance sheets together totaled $20.7 billion and $22.2 billion as of September 30, 2007 and December 31, 2006, respectively. The GAAP carrying values of these other liabilities generally approximate fair value. We assume that deferred liabilities, such as deferred debt issuance costs, have no fair value.

8 "Preferred stockholders' equity" is reflected in our non-GAAP supplemental consolidated fair value balance sheets at the estimated fair value amount.

9 "Common stockholders' equity" consists of the stockholders' equity components presented on the following five line items in our GAAP condensed consolidated balance sheets: (i) Common stock; (ii) Additional paid-in capital; (iii) Retained earnings; (iv) Accumulated other comprehensive loss; and (v) Treasury stock, at cost. "Common stockholders' equity" is the residual of the excess of the estimated fair value of total assets over the estimated fair value of total liabilities, after taking into consideration preferred stockholders' equity and minority interest in consolidated subsidiaries.