

# Fannie Mae Short-Term Debt Securities May Provide Investment Opportunities to Investors Seeking Adherence to Rule 2a-7 Amendments

April – May 2010

*Fannie Mae attempts to demonstrate flexibility in the issuance of its short-term debt products by responding on a daily basis to reverse inquiries for any particular maturity date.*

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## Rule 2a-7 Amendments

On January 27, 2010, the U.S. Securities and Exchange Commission (SEC) approved amendments to Rule 2a-7 under the Investment Company Act of 1940 (the "Rule 2a-7 Amendments"). The 2a-7 Rule Amendments<sup>1</sup> became effective on May 5, 2010, with compliance dates phased-in over 2010 and 2011.

The Rule 2a-7 Amendments promote higher credit quality and liquidity within registered investment companies that are considered to be a money market fund and are designed to improve and strengthen the regulatory requirements and to better protect investors. The Rule 2a-7 Amendments also are designed to prevent the failure of a money market fund, or a money market fund 'breaking of the buck,'<sup>2</sup> which occurred in September 2008. This edition of *FundingNotes*<sup>3</sup> summarizes certain of the Rule 2a-7 Amendments, and discusses how investors may view Fannie Mae short-term debt securities in light of these amendments.

The main portfolio liquidity and maturity provisions of the Rule 2a-7 Amendments, which all have compliance dates by the end of the second quarter of this year, are set forth in **Figure 1**.

2a-7 Amendments on Liquidity and Maturity	
2a-7 Amendment	Compliance Date
Require a consistently high minimum level of liquidity for both retail and institutional money market funds, including "weekly liquid assets" and "daily liquid assets" tests	May 28, 2010
Limit the purchase of illiquid securities <sup>4</sup> to no more than five percent of a fund's total portfolio, down from the prior ten percent limit	
Create a new portfolio metric, weighted average life (WAL), with a maximum duration of 120 days	June 30, 2010
Reduce the maximum weighted average maturity (WAM) portfolio metric from 90 days to 60 days	

Figure 1

## Fannie Mae Short-Term Debt Securities

Fannie Mae is one of the largest and most consistent issuers of high quality, short-term debt securities in the world. As of May 15, 2010, Fannie Mae's short-term debt securities maintain a strong credit rating: A-1+ by Standard and Poor's; P-1 by Moody's; and F1+ by Fitch. Fannie Mae

<sup>1</sup> The complete list of 2a-7 Amendments is available at the following web page:

<http://www.sec.gov/rules/final/2010/rule2a-7amendments.pdf>

<sup>2</sup> Break the buck: Money market funds seek a stable \$1.00 net asset value (NAV) and aim to never lose money. If the fund's NAV drops below \$1.00, it is referred as the fund having 'broke the buck.'

<sup>3</sup> This *FundingNotes* is intended to highlight certain terms of the Rule 2a-7 Amendments and is not intended to be a comprehensive treatment of the subject matter or the provision of legal advice. Readers should seek out their own counsel and advisors before taking any action with respect to the matters discussed herein.

<sup>4</sup> The Rule 2a-7 Amendments define an illiquid security as a security that cannot be sold or disposed of in the ordinary course of business within seven calendar days at approximately the value ascribed to it by the fund.

typically issues Discount Notes on a daily basis through a Selling Group of dealers<sup>5</sup>. Fannie Mae Discount Notes have maturities ranging from overnight to 360 days from the date of issuance and can be issued with maturity to any date. Three- and six-month maturities are generally issued through the Benchmark Bills program. Because Fannie Mae's short-term debt securities are highly liquid and provide strong credit quality, money market funds often seek Fannie Mae short-term securities to meet their short-term investment strategies. Fannie Mae attempts to demonstrate flexibility in the issuance of its short-term debt products by responding on a daily basis to reverse inquiries for any particular maturity date. Furthermore, money market funds may find the flexibility of Fannie Mae short-term debt products an attractive option as they consider rebalancing their portfolios in response to the requirements of the Rule 2a-7 Amendments.

### **Rule 2a-7 Amendments – Liquidity Provisions**

Under the Rule 2a-7 Amendments, both retail and institutional money market funds must maintain a minimum of 30 percent of total assets as “weekly liquid assets” and a minimum of 10 percent of total assets in “daily liquid assets.” “Weekly liquid assets” include (i) cash, (ii) direct obligations of the U.S. government, (iii) government securities that are issued at a discount to principal that have a remaining maturity of 60 days or less and that are issued by a person controlled or supervised by and acting as an instrumentality of the U.S. government, and (iv) securities that mature, or have a demand feature exercisable or payable within five business days. By comparison, “daily liquid assets” include (i) cash, (ii) direct obligations of the U.S. government, and (iii) securities that will mature, or have a demand feature exercisable or payable within one business day. We believe the purpose of these new requirements in the Rule 2a-7 Amendments is to ensure that money market funds hold securities that are sufficiently liquid to meet unforeseeable redemptions. Whenever redemptions are made, money market funds will be required to rebalance their portfolio to ensure that they continue to meet the requirements of the Rule 2a-7 Amendments.

The Rule 2a-7 Amendments also place a limit on money market fund's ability to purchase “illiquid securities” by prohibiting funds from purchasing a security if, after purchase, over five percent of the fund's total assets would be in illiquid securities. Since Fannie Mae short-term securities generally should not be classified as “illiquid securities” under the Rule 2a-7 Amendments, money market funds looking to invest portfolio assets as a result of rebalancing actions undertaken in response to the Rule 2a-7 Amendments should consider investments in Fannie Mae short-term securities.

### **Rule 2a-7 Amendments – Maturity Provisions**

The Rule 2a-7 Amendments also impose new maturity requirements on money market funds. These requirements include a new test, weighted average life, or “WAL”, and a shortening of the weighted average maturity test, or “WAM”. Under the WAL test, money market funds are required to calculate the stated contractual maturity of their total portfolio assets without regard to the interest rate ‘maturity-shortening’ provisions in Rule 2a-7 and to limit the WAL of its portfolio assets to an average of 120 days. The ‘maturity shortening’ provisions in Rule 2a-7 are currently used when calculating WAM and allow money market funds to treat certain floating-rate securities as having a maturity equal to the period remaining until the next interest rate reset date.

We believe the SEC required money market funds to calculate their average maturity using the WAL test without the maturity shortening provisions to help ensure that money market funds can maintain stability during volatile markets. We also believe that the practical implication of the new WAL test will be to limit the ability of a money market fund to invest in long-term floating-rate or variable-rate securities such as those with maturities of 18 months or two years.

The Rule 2a-7 Amendments also shortened the maximum WAM of a portfolio from 90 days down to 60 days. We believe the combination of the new WAL test, the reduction of the maximum WAM a portfolio may have, and the definition of weekly liquid assets will result in an increase in the demand of Fannie Mae's Discount Notes with maturities of 60 days or less. We have observed in recent months that Fannie Mae's Discount Notes on the front end of the curve have

<sup>5</sup> Fannie Mae's Selling Group is a list of broker dealers approved to transact Fannie Mae debt securities in the primary market. The list of broker dealers is available at the following link: [http://www.fanniemae.com/markets/debt/benchmark\\_securities/benchmark\\_bills/index\\_bills.jhtml](http://www.fanniemae.com/markets/debt/benchmark_securities/benchmark_bills/index_bills.jhtml)

been trading tighter to Treasuries and that beyond six months, the spread between Fannie Mae Discount Notes to Treasuries increases.

## Fannie Mae Discount Note Maturity Profile

Although the Rule 2a-7 Amendments will not be effective until their respective implementation dates, we believe many money market fund managers have been actively rebalancing their portfolios in light of these new requirements. **Figure 2** illustrates monthly Fannie Mae's Discount Notes issuance by maturity. As shown in the figure, Fannie Mae continues to issue Discount Notes with maturities of more than 60 days.

As of March 31, 2010, money market funds held approximately \$3.1 trillion<sup>6</sup> in short-dated assets, a nearly \$1 trillion increase since the financial market meltdown in the middle of 2008. It is our understanding that market participants expect the yields on money market funds will ultimately decrease compared to historical money market fund performance as money market funds are required to hold shorter duration securities in response to the Rule 2a-7 Amendments.

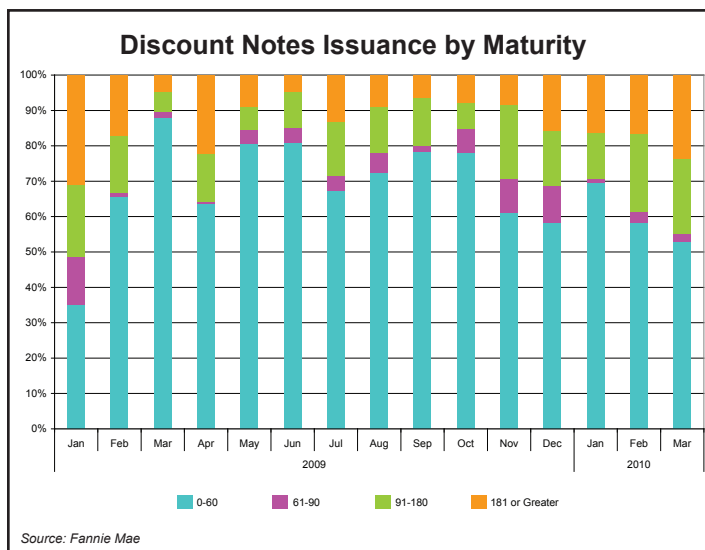


Figure 2



### Daily Rate Postings

Last Updated: 05/14/2010 10:43:32

This material is being provided for informational purposes only and is subject to change without notice.

Date	Discount Rate	Acc. Volume (\$M)	Settlement Type
06/24/10	0.14	0	CRS
06/25/10	0.14	0	CRS
06/28/10	0.14	0	CRS
06/29/10	0.14	0	CRS
09/13-17/10	0.21	0	CRS
09/20-28/10	0.22	40	CRS
10/01-08/10	0.23	0	CRS
10/12-15/10	0.24	0	CRS
10/18-22/10	0.25	1	CRS
11/18-30/10	0.28	0	CRS
12/01-17/10	0.29	0	CRS
12/20-30/10	0.30	0	CRS
01/03-14/11	0.31	0	CRS
01/18-21/11	0.32	6	CRS
01/24-31/11	0.32	6	CRS
02/01-04/11	0.33	0	CRS
02/07-11/11	0.34	25	CRS
02/14-18/11	0.35	0	CRS
02/22-28/11	0.36	0	CRS
03/01-11/11	0.37	0	CRS
03/14-18/11	0.38	0	CRS
03/21-25/11	0.39	0	CRS
03/28-31/11	0.41	0	CRS
04/01-08/11	0.43	0	CRS
04/11-15/11	0.45	0	CRS
04/18-21/11	0.47	0	CRS
04/26-29/11	0.49	200	CRS
05/02-06/11	0.51	2936	CRS
<b>Total Reverse</b>		<b>0</b>	

### Fannie Mae Auction Schedule

Amount	Maturity	Settlement	Stop Out	Stop Out%
\$3.0bln	08/11/10	C,R	.189	40.000%
\$2.0bln	11/10/10	C,R	.289	83.333%

Description of Settlement Types:

- C = Cash Settlement
- R = Reg Settlement
- S = Skip Settlement

This information is neither an offer nor a solicitation of offers to sell any of these securities.

Figure 3

## Information Available on Fannie Mae's Web Site

Information about Fannie Mae's Discount Notes is disseminated through public announcements, posted every weekday morning and updated throughout the day, of rates and ranges of maturities for nearly every date within the next 360 days. Additionally, through Fannie Mae's Selling Group, Fannie Mae is open to reverse inquiry requests whereby Fannie Mae can provide rates for dates that are not posted. Investors are also able to view Fannie Mae's Daily Rate Postings report, as shown in **Figure 3**, which provides the date, discount rate, status, accumulated value, and settlement type of issuances.

<sup>6</sup> Information is available on Investment Company Institute's web page: [http://www.ici.org/pdf/2010\\_factbook.pdf](http://www.ici.org/pdf/2010_factbook.pdf)

## Daily Debt Composition — Maturity of 397 Days or Less

This report includes all of Fannie Mae debt securities that mature in the next 397 days.

	Outstanding Maturing within 397 days	Total Outstanding
Discount Notes	245,945,226,000.00	245,945,226,000.00
FX Discount Notes	258,072,693.94	258,072,693.94
Benchmark Notes & Bonds	87,479,000,000.00	278,617,930,000.00
Subordinated Benchmark Notes	2,500,000,000.00	7,397,998,000.00
Callable Fixed Rate MTNs	1,875,000,000.00	220,774,590,834.14
Noncallable Fixed Rate MTNs	6,598,376,116.00	42,172,037,436.70
Callable Floating Rate MTNs	0.00	450,000,000.00
Noncallable Floating Rate MTNs	23,315,600,000.00	41,569,700,000.00
<b>Total</b>	<b>367,971,274,809.94</b>	<b>837,185,554,964.78</b>

Notes: The credit ratings for Fannie Mae debt securities can be found on the following link:  
[http://www.fanniemae.com/markets/debt/understanding\\_fm\\_debt/credit\\_ratings.jhtml](http://www.fanniemae.com/markets/debt/understanding_fm_debt/credit_ratings.jhtml)

Notes: Securities where a call feature has expired are considered noncallable.

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Figure 4

Fannie Mae also posts its debt composition for securities with maturities of 397 days or less on a daily basis. **Figure 4** is a snapshot of such report posted on May 14, 2010.

## Conclusion

Through its short-term Discount Notes and Benchmark Bills programs, Fannie Mae maintains the flexibility to offer investment options to its short-term fixed-income investors, including money market funds. In making their investment decisions, money market funds may consider investing in Fannie Mae short-term debt securities to acquire strong credit quality and highly liquid short-term investments; to pick-up yield over comparable-duration Treasuries; and to assist them in rebalancing their portfolios in response to the Rule 2a-7 Amendments.



## FUNDINGNOTES®

For Fannie Mae's Investors and Dealers

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## Fannie Mae Funding Liabilities and Debt Outstanding 2007 through February 28, 2010

<b>Funding Liabilities and Debt Outstanding (in millions)</b>	<b>12/31/07</b>	<b>12/31/08</b>	<b>12/31/09</b>	<b>2/28/10</b>
Federal Fund Borrowings	\$ -	\$ -	\$ -	\$ -
Other Short Term Funding Liabilities <sup>1</sup>	869	77	-	200
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase</b>	<b>\$ 869</b>	<b>\$ 77</b>	<b>\$ -</b>	<b>\$ 200</b>
Average maturity (in days)	1	-	-	1
Discount Notes	\$ 155,358	\$ 272,476	\$ 200,116	\$ 185,124
FX Discount Notes	859	402	401	309
Other Short Term Debt <sup>2</sup>	50	7,661	50	-
<b>Total Short Term Debt<sup>3</sup></b>	<b>\$ 236,267</b>	<b>\$ 332,542</b>	<b>\$ 200,567</b>	<b>\$ 185,433</b>
Average maturity (in days)	74	102	82	107
Benchmark Notes & Bonds <sup>4</sup>	\$ 256,823	\$ 251,315	\$ 280,245	\$ 269,618
Callable Benchmark Notes <sup>4</sup>	-	-	-	-
Subordinated Benchmark Notes	9,000	7,398	7,398	7,398
Callable Fixed Rate MTNs <sup>5,6</sup>	207,504	190,950	206,310	215,748
Noncallable Fixed Rate MTNs <sup>5,6</sup>	77,331	50,131	45,032	42,216
Callable Floating Rate MTNs <sup>5,6</sup>	8,135	1,530	3,871	4,376
Noncallable Floating Rate MTNs <sup>5,6</sup>	5,761	45,470	39,005	39,002
Other Long Term Debt <sup>7</sup>	4,580	3,763	3,347	3,295
<b>Total Long Term Debt<sup>8,9</sup></b>	<b>\$ 569,134</b>	<b>\$ 550,557</b>	<b>\$ 585,208</b>	<b>\$ 581,653</b>
Average maturity (in months)	68	66	60	59
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Outstanding</b>	<b>\$ 806,270</b>	<b>\$ 883,176</b>	<b>\$ 785,775</b>	<b>\$ 767,286</b>
Average maturity (in months)	48	42	45	46

## Fannie Mae Funding Liabilities and Debt Issuance 2007 through February 28, 2010

<b>Funding Liabilities and Debt Issuance (in millions)</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Federal Fund Borrowings	\$ 13,065	\$ 5,617	\$ 1,000	\$ 100
Other Short Term Funding Liabilities <sup>1</sup>	25,324	60,888	5,822	400
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase</b>	<b>\$ 38,389</b>	<b>\$ 66,505</b>	<b>\$ 6,822</b>	<b>\$ 500</b>
Discount Notes	\$ 1,499,540	\$ 1,547,462	\$ 1,373,711	\$ 84,863
FX Discount Notes	2,291	2,583	1,060	109
Other Short Term Debt <sup>10</sup>	86,777	8,661	50	-
<b>Total Short Term Debt<sup>3</sup></b>	<b>\$ 1,588,608</b>	<b>\$ 1,558,706</b>	<b>\$ 1,374,821</b>	<b>\$ 84,972</b>
Benchmark Notes & Bonds	\$ 37,000	\$ 50,500	\$ 75,500	\$ 4,500
Callable Benchmark Notes	-	-	-	-
Subordinated Benchmark Notes	-	-	-	-
Callable Fixed Rate MTNs <sup>6</sup>	135,886	150,255	187,983	39,802
Noncallable Fixed Rate MTNs <sup>6</sup>	8,438	4,336	4,517	30
Callable Floating Rate MTNs <sup>6</sup>	8,275	1,280	3,846	605
Noncallable Floating Rate MTNs <sup>6</sup>	4,176	41,284	23,180	15,000
Other Long Term Debt <sup>7</sup>	138	743	249	17
<b>Total Long Term Debt<sup>8</sup></b>	<b>\$ 193,913</b>	<b>\$ 248,399</b>	<b>\$ 295,275</b>	<b>\$ 59,954</b>
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Issued</b>	<b>\$ 1,820,910</b>	<b>\$ 1,873,610</b>	<b>\$ 1,676,918</b>	<b>\$ 145,426</b>
<b>Net Issuance Long Term Debt<sup>11</sup></b>	<b>\$ (39,201)</b>	<b>\$ (18,363)</b>	<b>\$ 34,511</b>	<b>\$ (3,521)</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.
- <sup>2</sup> Other Short Term Debt includes coupon bearing short term notes.
- <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 the first 9 months of 2007, Other Long Term Debt consists of long term foreign currency debt and other long term securities. For months beginning Oct 2007 and thereafter, Other Long Term Debt also includes investment agreements.
- <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 \$10.8 billion at December 31, 2007, \$14.8 billion at December 31, 2008, \$14.9 billion at December 31, 2009 and \$12.8 billion at February 28, 2010.
- <sup>10</sup> For months beginning Oct 2007 and thereafter Other Short Term Debt includes coupon bearing short term notes. For 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> 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.

### 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 implemented 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.

Reported amounts represent the unpaid principal balance as of 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 unamortized discounts, premiums, issuance costs and fair value adjustments.

Numbers may not foot due to rounding.

## Debt Securities Index Reports

	February % of BIG	February Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return		February % of Agg	February 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>	2.43	0.54	0.15	2.01	1.56	4.45	<b>Fannie Mae Index:</b>	2.67	0.49	0.23	2.05	1.59	4.09
1-10 Years	2.29	0.50	0.19	2.01	1.46	4.45	1-10 Years	2.45	0.46	0.29	2.06	1.49	4.11
10+ Years	0.14	1.07	-0.41	1.94	3.05	4.05	10+ Years	0.22	0.81	-0.16	2.04	2.66	3.83
Callable	0.41	0.27	0.36	1.40	0.89	3.85	Callable	0.86	0.43	0.40	1.94	1.16	3.80
Noncallable	2.02	0.62	0.04	2.16	1.76	4.58	Noncallable	1.82	0.52	0.14	2.09	1.78	4.20
Globals*	2.32	0.53	0.15	2.08	1.52	4.46	Globals	1.90	0.53	0.18	2.04	1.66	4.04
<b>Agency:</b>	6.53	0.57	0.06	1.96	1.60	4.21	<b>Agency:</b>	8.75	0.46	0.27	2.10	1.53	4.12
Callable	0.78	0.22	0.32	1.30	0.79	3.80	Callable	2.06	0.37	0.39	1.86	1.03	3.68
Noncallable	5.75	0.64	-0.01	2.07	1.76	4.27	Noncallable	6.69	0.49	0.24	2.17	1.67	4.24
Globals	5.53	0.53	0.13	2.07	1.51	4.42	Globals****	6.13	0.46	0.21	1.99	1.48	4.02
<b>Citigroup</b>							<b>Barclays Aggregate</b>						
<b>Index**:</b>	100.00	0.35	0.07	2.92	1.81	8.22	<b>Index:</b>	100.00	0.37	0.31	3.19	1.91	9.32
U.S. Treasury	30.46	0.38	-0.68	1.39	1.94	1.82	U.S. Treasury	28.87	0.40	-0.68	1.44	1.98	1.83
GSE***	7.67	0.53	0.05	1.99	1.63	4.43	Government-Related***	13.06	0.52	0.13	2.38	1.62	5.69
Credit	24.26	0.41	0.91	4.80	2.04	20.04	Corporate	18.34	0.36	1.20	5.20	1.99	22.92
MBS	37.29	0.24	0.09	3.01	1.60	6.69	MBS	36.17	0.18	0.08	2.91	1.51	6.67
ABS	0.31	0.87	0.83	4.74	1.91	23.18	ABS	0.36	0.48	2.07	5.47	2.16	20.82
							CMBS	3.20	1.89	6.86	12.34	6.50	47.92

\* 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

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## Summary Breakdown of 2010 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 Callable Debt					Fannie Mae Callable Debt				
Maturity/Call (Year)	February 2010 Par Amount (in thousands)	# Issues	YTD 2010 Par Amount (in thousands)	# Issues	Maturity/Call (Year)	February 2010 Par Amount (in thousands)	# Issues	YTD 2010 Par Amount (in thousands)	# Issues
2.00 NC 0.50	950,000,000	9	2,000,000,000	15	5.00 NC 1.00	1,607,000,000	4	2,382,000,000	12
2.00 NC 1.00	250,000,000	1	250,000,000	1	5.00 NC 2.00	820,000,000	3	870,000,000	4
2.25 NC 0.50	100,000,000	2	175,000,000	3	5.33 NC 1.00	50,000,000	1	50,000,000	1
2.50 NC 0.50	350,000,000	3	1,200,000,000	12	5.49 NC 0.50	720,000,000	17	720,000,000	17
2.50 NC 0.75	60,000,000	1	60,000,000	1	5.49 NC 0.75	50,000,000	1	50,000,000	1
2.75 NC 0.75	335,000,000	6	335,000,000	6	5.49 NC 1.00	525,000,000	10	525,000,000	10
3.00 NC 0.50	2,800,000,000	22	5,575,000,000	40	5.49 NC 2.00	100,000,000	2	100,000,000	2
3.00 NC 1.00	295,000,000	7	2,520,000,000	14	6.00 NC 0.50	185,000,000	3	235,000,000	4
3.00 NC 1.49	500,000,000	1	500,000,000	1	6.00 NC 1.00	50,000,000	1	160,400,000	4
3.24 NC 1.00	250,000,000	2	250,000,000	2	6.00 NC 2.50	20,000,000	1	20,000,000	1
3.25 NC 0.75			100,000,000	1	7.00 NC 0.50	325,000,000	5	695,000,000	12
3.50 NC 0.50	1,190,000,000	19	1,590,000,000	23	7.00 NC 1.00			4,150,000,000	5
3.50 NC 1.00	125,000,000	2	125,000,000	2	7.00 NC 2.00			50,000,000	1
3.50 NC 1.49			100,000,000	2	7.00 NC 3.00	20,000,000	1	20,000,000	1
3.50 NC 2.00	80,000,000	2	80,000,000	2	7.50 NC 0.50	50,000,000	1	50,000,000	1
3.75 NC 1.16	50,000,000	1	50,000,000	1	8.00 NC 0.50	180,000,000	5	430,000,000	11
3.83 NC 0.91	50,000,000	1	50,000,000	1	10.00 NC 0.50	1,230,000,000	30	1,790,000,000	45
4.00 NC 0.50	525,000,000	6	675,000,000	9	10.00 NC 1.00	240,000,000	5	365,000,000	8
4.00 NC 0.75			75,000,000	2	10.00 NC 2.00	150,000,000	3	150,000,000	3
4.00 NC 1.00			75,000,000	1	12.00 NC 0.50	100,000,000	2	200,000,000	4
4.00 NC 1.49	20,000,000	1	20,000,000	1	15.00 NC 0.50	385,000,000	8	2,475,000,000	29
4.50 NC 0.50	350,000,000	3	475,000,000	5	15.00 NC 1.00			350,000,000	7
4.50 NC 1.00	50,000,000	1	50,000,000	1	20.00 NC 1.00	100,000,000	2	100,000,000	2
4.84 NC 0.84	50,000,000	1	50,000,000	1	30.00 NC 2.00	550,000,000	1	550,000,000	1
5.00 NC 0.50	4,135,000,000	70	7,540,000,000	123	<b>TOTAL</b>	<b>\$19,972,000,000</b>	<b>267</b>	<b>\$40,407,400,000</b>	<b>456</b>

## 2010 Debt Redemptions

### Callable Debt Redeemed (in billions)

January	\$	12.0
February	\$	18.4
<b>TOTAL</b>	<b>\$</b>	<b>30.4</b>

## Summary Breakdown of 2010 Benchmark Notes Issuance

### Fannie Mae Noncallable Benchmark Notes

<i>Maturity</i>	<i>February 10 Par Amount</i>	<i># Issues</i>	<i>YTD 2010 Par Amount</i>	<i># Issues</i>
2 Years	4,000,000,000	1	4,000,000,000	1
3 Years			4,500,000,000	1
5 Years				
<b>TOTAL NEW ISSUANCE</b>			<b>8,500,000,000</b>	<b>2</b>

## Recent Benchmark Notes Transaction

Benchmark Securities	Size/Cusip	Lead-Managers	Co-Managers	Pricing Date and Spread	Geographic Distribution	Investor Type Distribution
2 year 1.000% 4/4/2012	\$4.0 billion 31398AH54	Barclays Capital, Inc.; Citigroup Global Markets Inc.; Morgan Stanley & Co.	Credit Suisse Securities (USA) LLC; Deutsche Bank Securities Inc.; FTN Financial Capital Markets; Jefferies Group Inc.; Blaylock Robert Van L.L.C.; UBS Securities LLC	February 26, 2010 +20 basis points 0.875% 2/29/12 U.S. Treasury	U.S. 65.8% Asia 20.2% Europe 1.2% Other 12.8%	Fund Manager 59.4% Comm. Banks 0.2% Corporate/Pensions 0.0% Insurance 2.5% Central Banks 33.1% State & Local 4.4% Foundations/Non-Profit 0.3% Retail 0.1%



## Fannie Mae Funding Liabilities and Debt Outstanding 2007 through March 31, 2010

<b>Funding Liabilities and Debt Outstanding (in millions)</b>	<b>12/31/07</b>	<b>12/31/08</b>	<b>12/31/09</b>	<b>3/31/10</b>
Federal Fund Borrowings	\$ -	\$ -	\$ -	\$ -
Other Short Term Funding Liabilities <sup>1</sup>	869	77	-	180
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase</b>	<b>\$ 869</b>	<b>\$ 77</b>	<b>\$ -</b>	<b>\$ 180</b>
Average maturity (in days)	1	-	-	1
Discount Notes	\$ 155,358	\$ 272,476	\$ 200,116	\$ 207,701
FX Discount Notes	859	402	401	306
Other Short Term Debt <sup>2</sup>	50	7,661	50	-
<b>Total Short Term Debt<sup>3</sup></b>	<b>\$ 236,267</b>	<b>\$ 332,542</b>	<b>\$ 200,567</b>	<b>\$ 208,007</b>
Average maturity (in days)	74	102	82	111
Benchmark Notes & Bonds <sup>4</sup>	\$ 256,823	\$ 251,315	\$ 280,245	\$ 276,618
Callable Benchmark Notes <sup>4</sup>	-	-	-	-
Subordinated Benchmark Notes	9,000	7,398	7,398	7,398
Callable Fixed Rate MTNs <sup>5,6</sup>	207,504	190,950	206,310	217,118
Noncallable Fixed Rate MTNs <sup>5,6</sup>	77,331	50,131	45,032	41,495
Callable Floating Rate MTNs <sup>5,6</sup>	8,135	1,530	3,871	4,591
Noncallable Floating Rate MTNs <sup>5,6</sup>	5,761	45,470	39,005	41,590
Other Long Term Debt <sup>7</sup>	4,580	3,763	3,347	3,202
<b>Total Long Term Debt<sup>8,9</sup></b>	<b>\$ 569,134</b>	<b>\$ 550,557</b>	<b>\$ 585,208</b>	<b>\$ 592,012</b>
Average maturity (in months)	68	66	60	59
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Outstanding</b>	<b>\$ 806,270</b>	<b>\$ 883,176</b>	<b>\$ 785,775</b>	<b>\$ 800,199</b>
Average maturity (in months)	48	42	45	45

## Fannie Mae Funding Liabilities and Debt Issuance 2007 through March 31, 2010

<b>Funding Liabilities and Debt Issuance (in millions)</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Federal Fund Borrowings	\$ 13,065	\$ 5,617	\$ 1,000	\$ 100
Other Short Term Funding Liabilities <sup>1</sup>	25,324	60,888	5,822	1,290
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase</b>	<b>\$ 38,389</b>	<b>\$ 66,505</b>	<b>\$ 6,822</b>	<b>\$ 1,390</b>
Discount Notes	\$ 1,499,540	\$ 1,547,462	\$ 1,373,711	\$ 136,939
FX Discount Notes	2,291	2,583	1,060	151
Other Short Term Debt <sup>10</sup>	86,777	8,661	50	-
<b>Total Short Term Debt<sup>3</sup></b>	<b>\$ 1,588,608</b>	<b>\$ 1,558,706</b>	<b>\$ 1,374,821</b>	<b>\$ 137,090</b>
Benchmark Notes & Bonds	\$ 37,000	\$ 50,500	\$ 75,500	\$ 15,500
Callable Benchmark Notes	-	-	-	-
Subordinated Benchmark Notes	-	-	-	-
Callable Fixed Rate MTNs <sup>6</sup>	135,886	150,255	187,983	66,893
Noncallable Fixed Rate MTNs <sup>6</sup>	8,438	4,336	4,517	1,084
Callable Floating Rate MTNs <sup>6</sup>	8,275	1,280	3,846	880
Noncallable Floating Rate MTNs <sup>6</sup>	4,176	41,284	23,180	17,600
Other Long Term Debt <sup>7</sup>	138	743	249	38
<b>Total Long Term Debt<sup>8</sup></b>	<b>\$ 193,913</b>	<b>\$ 248,399</b>	<b>\$ 295,275</b>	<b>\$ 101,995</b>
<b>Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Issued</b>	<b>\$ 1,820,910</b>	<b>\$ 1,873,610</b>	<b>\$ 1,676,918</b>	<b>\$ 240,475</b>
<b>Net Issuance Long Term Debt<sup>11</sup></b>	<b>\$ (39,201)</b>	<b>\$ (18,363)</b>	<b>\$ 34,511</b>	<b>\$ 6,832</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.
- <sup>2</sup> Other Short Term Debt includes coupon bearing short term notes.
- <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 the first 9 months of 2007, Other Long Term Debt consists of long term foreign currency debt and other long term securities. For months beginning Oct 2007 and thereafter, Other Long Term Debt also includes investment agreements.
- <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 \$10.8 billion at December 31, 2007, \$14.8 billion at December 31, 2008, \$14.9 billion at December 31, 2009 and \$13.1 billion at March 31, 2010.
- <sup>10</sup> For months beginning Oct 2007 and thereafter Other Short Term Debt includes coupon bearing short term notes. For 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> 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.

### 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 implemented 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.

Reported amounts represent the unpaid principal balance as of 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 unamortized discounts, premiums, issuance costs and fair value adjustments.

Numbers may not foot due to rounding.

## Debt Securities Index Reports

	March % of BIG	March Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return		March % of Agg	March 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>	2.36	-0.41	1.14	0.81	1.14	2.59	<b>Fannie Mae Index:</b>	2.55	-0.46	1.12	0.88	1.12	2.63
1-10 Years	2.22	-0.33	1.13	1.12	1.13	2.88	1-10 Years	2.34	-0.38	1.10	1.15	1.10	2.84
10+ Years	0.14	-1.62	1.38	-3.04	1.38	-0.97	10+ Years	0.22	-1.34	1.29	-1.57	1.29	0.65
Callable	0.39	0.03	0.92	1.02	0.92	2.93	Callable	0.82	-0.10	1.06	1.20	1.06	2.81
Noncallable	1.97	-0.52	1.23	0.74	1.23	2.53	Noncallable	1.73	-0.63	1.14	0.72	1.14	2.53
Globals*	2.25	-0.42	1.09	0.79	1.09	2.59	Globals	1.88	-0.54	1.12	0.76	1.12	2.50
<b>Agency:</b>	6.42	-0.47	1.13	0.71	1.13	2.22	<b>Agency:</b>	8.39	-0.42	1.10	1.00	1.10	2.76
Callable	0.76	0.03	0.83	0.97	0.83	2.82	Callable	1.91	-0.05	0.98	1.20	0.98	2.74
Noncallable	5.66	-0.55	1.20	0.67	1.20	2.15	Noncallable	6.48	-0.54	1.13	0.94	1.13	2.75
Globals	5.41	-0.43	1.07	0.84	1.07	2.63	Globals****	5.93	-0.44	1.04	0.91	1.04	2.63
<b>Citigroup</b>							<b>Barclays Aggregate</b>						
<b>Index**:</b>	100.00	-0.26	1.55	1.56	1.55	6.44	<b>Index:</b>	100.00	-0.12	1.78	1.99	1.78	7.69
U.S. Treasury	31.32	-0.83	1.10	-0.19	1.10	-1.22	U.S. Treasury	29.53	-0.85	1.12	-0.20	1.12	-1.18
GSE***	7.57	-0.43	1.20	0.81	1.20	2.51	Government-Related***	12.75	-0.18	1.44	1.25	1.44	4.40
Credit	23.95	0.19	2.23	3.12	2.23	20.02	Corporate	18.45	0.30	2.30	3.67	2.30	23.80
MBS	36.84	-0.06	1.54	2.07	1.54	5.01	MBS	35.68	0.03	1.54	2.12	1.54	5.21
ABS	0.30	0.20	2.12	2.85	2.12	19.90	ABS	0.36	0.06	2.22	3.59	2.22	18.53
							CMBS	3.23	2.45	9.10	12.68	9.10	42.81

\* 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

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## Summary Breakdown of 2010 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 Callable Debt					Fannie Mae Callable Debt				
Maturity/Call (Year)	March 2010 Par Amount (in thousands)	# Issues	YTD 2010 Par Amount (in thousands)	# Issues	Maturity/Call (Year)	March 2010 Par Amount (in thousands)	# Issues	YTD 2010 Par Amount (in thousands)	# Issues
2.00 NC 0.50	300,000,000	3	2,300,000,000	18	4.84 NC 0.84			50,000,000	1
2.00 NC 0.75	125,000,000	3	125,000,000	3	5.00 NC 0.50	2,880,000,000	39	10,420,000,000	162
2.00 NC 1.00	100,000,000	2	350,000,000	3	5.00 NC 1.00	850,000,000	24	3,232,000,000	36
2.09 NC 0.75	350,000,000	10	350,000,000	10	5.00 NC 1.50	275,000,000	1	275,000,000	1
2.25 NC 0.50	200,000,000	4	375,000,000	7	5.00 NC 2.00	115,000,000	4	985,000,000	8
2.50 NC 0.50			1,200,000,000	12	5.00 NC 2.51	250,000,000	7	250,000,000	7
2.50 NC 0.75			60,000,000	1	5.33 NC 1.00			50,000,000	1
2.51 NC 0.50	950,000,000	6	950,000,000	6	5.49 NC 0.50			720,000,000	17
2.51 NC 1.00	350,000,000	2	350,000,000	2	5.49 NC 0.75			50,000,000	1
2.75 NC 0.50	200,000,000	3	200,000,000	3	5.49 NC 1.00	1,000,000	1	526,000,000	11
2.75 NC 0.75	200,000,000	6	535,000,000	12	5.49 NC 2.00			100,000,000	2
2.75 NC 1.00	50,000,000	1	50,000,000	1	5.50 NC 0.50	635,000,000	15	635,000,000	15
3.00 NC 0.25	3,000,000,000	6	3,000,000,000	6	5.50 NC 1.00	525,000,000	8	525,000,000	8
3.00 NC 0.50	1,275,000,000	12	6,850,000,000	52	5.50 NC 1.50	250,000,000	5	250,000,000	5
3.00 NC 0.99	30,000,000	2	30,000,000	2	5.50 NC 2.00	225,000,000	6	225,000,000	6
3.00 NC 1.00	2,725,000,000	11	5,245,000,000	25	5.75 NC 0.75	225,000,000	7	225,000,000	7
3.00 NC 1.49			500,000,000	1	6.00 NC 0.50	50,000,000	1	285,000,000	5
3.01 NC 0.26	1,200,000,000	2	1,200,000,000	2	6.00 NC 1.00	100,000,000	2	260,400,000	6
3.24 NC 1.00			250,000,000	2	6.00 NC 1.50	50,000,000	1	50,000,000	1
3.25 NC 0.50	275,000,000	5	275,000,000	5	6.00 NC 2.00	100,000,000	2	100,000,000	2
3.25 NC 0.75			100,000,000	1	6.00 NC 2.50	65,000,000	3	85,000,000	4
3.25 NC 1.00	75,000,000	2	75,000,000	2	7.00 NC 0.50	150,000,000	3	845,000,000	15
3.25 NC 1.25	50,000,000	1	50,000,000	1	7.00 NC 1.00			4,150,000,000	5
3.33 NC 0.84	75,000,000	2	75,000,000	2	7.00 NC 2.00	1,100,000,000	2	1,150,000,000	3
3.50 NC 0.50	1,550,000,000	6	3,140,000,000	29	7.00 NC 3.00	30,000,000	2	50,000,000	3
3.50 NC 1.00	225,000,000	5	350,000,000	7	7.50 NC 0.50	50,000,000	1	100,000,000	2
3.50 NC 1.49			100,000,000	2	8.00 NC 0.50	300,000,000	7	730,000,000	18
3.50 NC 1.50	50,000,000	1	50,000,000	1	8.50 NC 0.50	100,000,000	2	100,000,000	2
3.50 NC 2.00			80,000,000	2	9.00 NC 0.25	50,000,000	1	50,000,000	1
3.59 NC 1.33	50,000,000	1	50,000,000	1	10.00 NC 0.50	1,135,000,000	25	2,925,000,000	70
3.75 NC 0.50	50,000,000	1	50,000,000	1	10.00 NC 1.00	1,340,000,000	8	1,705,000,000	16
3.75 NC 0.75	290,000,000	10	290,000,000	10	10.00 NC 1.50	250,000,000	1	250,000,000	1
3.75 NC 1.16			50,000,000	1	10.00 NC 2.00			150,000,000	3
3.83 NC 0.91			50,000,000	1	12.00 NC 0.50	200,000,000	4	400,000,000	8
3.99 NC 1.50	30,000,000	2	30,000,000	2	15.00 NC 0.50	515,000,000	12	2,990,000,000	41
4.00 NC 0.50	250,000,000	1	925,000,000	10	15.00 NC 0.76	50,000,000	1	50,000,000	1
4.00 NC 0.75			75,000,000	2	15.00 NC 1.00	50,000,000	1	400,000,000	8
4.00 NC 1.00			75,000,000	1	20.00 NC 1.00	175,000,000	3	275,000,000	5
4.00 NC 1.49			20,000,000	1	25.00 NC 1.00	500,000,000	1	500,000,000	1
4.50 NC 0.50	125,000,000	2	600,000,000	7	30.00 NC 0.50	500,000,000	1	500,000,000	1
4.50 NC 1.00	75,000,000	2	125,000,000	3	30.00 NC 2.00			550,000,000	1
4.75 NC 0.50	50,000,000	1	50,000,000	1	<b>TOTAL</b>	<b>\$27,366,000,000</b>	<b>316</b>	<b>\$67,773,400,000</b>	<b>772</b>

## 2010 Debt Redemptions

### Callable Debt Redeemed (in billions)

January	\$	12.0
February	\$	18.4
March	\$	25.8
<b>TOTAL</b>	<b>\$</b>	<b>56.2</b>

## Summary Breakdown of 2010 Benchmark Notes Issuance

### Fannie Mae Noncallable Benchmark Notes

Maturity	March 10		YTD 2010 Par Amount	# Issues
	Par Amount	# Issues		
2 Years			4,000,000,000	1
3 Years	6,000,000,000	1	10,500,000,000	2
5 Years				
<b>TOTAL NEW ISSUANCE</b>	<b>6,000,000,000</b>	<b>1</b>	<b>14,500,000,000</b>	<b>3</b>

## Recent Benchmark Notes Transaction

Benchmark Securities	Size/Cusip	Lead-Managers	Co-Managers	Pricing Date and Spread	Geographic Distribution	Investor Type Distribution
3 year 1.750% 5/7/2013	\$6.0 billion 31398AJ94	Barclays Capital, Inc.; Deutsche Bank Securities Inc.; J.P. Morgan & Co.	Banc of America Securities; CastleOak Securities, LLP; FTN Financial Capital Markets; RBC Capital Markets; Williams Capital Group LP; UBS Securities LLC	March 11, 2010 +31 basis points 1.375% 3/15/2013 U.S. Treasury	U.S. 70.0% Asia 17.1% Europe 3.2% Other 9.7%	Fund Manager 59.5% Comm. Banks 1.8% Corporate/Pensions 0.6% Insurance 3.8% Central Banks 28.5% State & Local 4.6% Foundations/Non-Profit 0.2% Retail 0.2% Other 0.8%