

Fannie Mae's Call Redemption Process

August/September 2010

Fannie Mae provides a transparent decision-making process for its callable debt to investors.

©2010, Fannie Mae. No part of this document may be duplicated, reproduced, distributed or displayed in public in any manner or by any means without the written permission of Fannie Mae. This document is for the private information of dealers in Fannie Mae securities ("Dealers") and qualified sophisticated institutional investors. Fannie Mae does not intend to solicit and is not soliciting any action with respect to any Fannie Mae security based upon this document. This document does not constitute, and under no circumstances should it be used as, or considered to be, an offer to sell or a solicitation of an offer to buy the securities or other instruments mentioned herein or derived from such securities or instruments. Fannie Mae expects Dealers to make every effort to assist investors to consider and understand the risks of the securities or instruments mentioned herein. The securities or other instruments mentioned in this document may not be eligible for sale in certain jurisdictions or to certain persons and may not be suitable for all types of investors. Opinions and estimates expressed herein constitute our present judgment and are subject to change without notice. Such opinions or estimates should not be construed as either projections or predictions of value, performance or results; nor as legal, tax, financial, or accounting advice. (See back cover.)

Over the past few months, Fannie Mae has experienced a high level of callable redemption activity. In this edition of *FundingNotes*, Fannie Mae attempts to help investors understand the current decision-making and operational processes by which eligible Fannie Mae callable securities are redeemed. In an effort to provide greater transparency to the mechanics underlying Fannie Mae's call process, Fannie Mae hopes investors can understand more fully when their securities might be redeemed.

In an environment of rallying interest rates, similar to that we have experienced since the beginning of 2009, callable securities that have met or passed their lockout date are more likely to have their call option exercised. As **Figure 1** illustrates, interest rates were relatively high for most of 2008 and, as a result, Fannie Mae did not call many callable debt securities during that period. Conversely, in the beginning of 2009, interest rates fell and callable redemptions increased. In the latter half of 2009, interest rates increased slightly and, correspondingly, our callable redemption activity slowed. When interest rates experienced another large drop in the second quarter of 2010, Fannie Mae called large amounts of callable debt securities, many of these as soon as the call dates were reached.

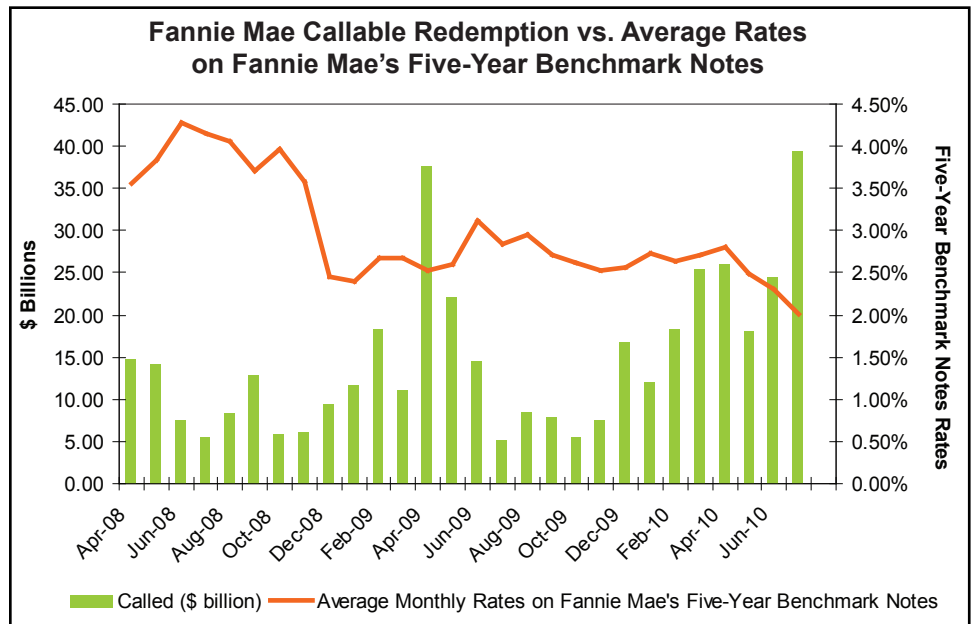


Figure 1

Fannie Mae's economic decision to call its securities is an efficient and uniform decision based on the level of interest rates and implied volatility. In the following paragraphs, we will provide examples of the process Fannie Mae uses to determine whether or not to call a debt security that has entered into its call period. We will use callable debt securities that have recently been called, as shown in **Figure 2**, and we employ hypothetical Fannie Mae callable securities with American-, Bermudan-, and European-style call options.

Fannie Mae performs a theoretical calculation using a par-priced currently callable security (See **Figure 2**). If the yield of the hypothetical issue is lower than the yield of the outstanding issue, the implication is that the outstanding issue, under our current process, will most likely be called. The yield for this hypothetical security is calculated using option-adjusted spread models. The theoretical “yield-saving” calculations are made by referring to the prevailing yield curve. As a result, an investor using the same process should also be able to deduce the likelihood that the callable debt security will be called under Fannie Mae’s current process.

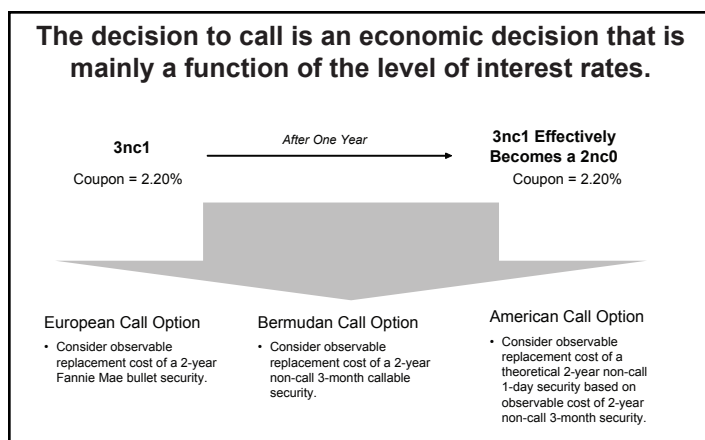


Figure 2

Fannie Mae’s Recent Called Securities											
Callable Debt Securities Called								Comparable Fannie Mae Debt			
Call Style	CUSIP	Settle Date	Amount Called	Coupon	Maturity Date	Call Date	Structure	Tsy Spread (bps)	Structure	Yield	
European	3136FJ4N8	2/18/2010	\$100,000,000	3.10%	8/18/2015	8/18/2010	5.5nc0.5	UST5 +28	5-year bullet	1.88%	
Bermudan	3136FJ2Y6	2/18/2010	\$100,000,000	3.05%	2/18/2015	8/18/2010	5nc0.5	UST5 +46	4.5nc0.25 Bermudan	2.06%	
American	3136FMTE4	5/18/2010	\$100,000,000	5.00%	5/18/2020	8/18/2010	10nc0.25	UST10 +116	9.75nc1-day American	4.09%	

Figure 3

Example I: A Callable Debt Security with a European-Style Call Option

The callable debt security, CUSIP 3136FJ4N8, that we use in this example was issued in February 2010 with an issue amount of \$100 million, a coupon of 3.100 percent and a structure of 5.5-year non-call 6-months with a European-style option. The figure shows that this security had a higher coupon than the cost of refinancing this security with a comparable bullet security. Since this security had a European call option (i.e. one-time call after the lockout period ends), the coupon of the outstanding issue is 122 basis points higher than a theoretical par-priced new bullet security (See **Figure 3**). As a result, based on these calculations, there is a potential to lower Fannie Mae’s cost of funding by calling the security.

Example II: A Callable Debt Security with a Bermudan-Style Call Option

The callable debt security, CUSIP 3136FJ2Y6, that we use in this example was issued in February 2010 with an issue amount of \$100 million, a coupon of 3.050 percent and a structure of 5-year non-call 6-months with a Bermudan-style option. The figure shows that this security had a higher coupon than the cost of refinancing this security with a callable security having a 3-month lockout period. Since this security had a Bermudan call option (i.e. can be called on

a predetermined schedule, primarily on a quarterly basis, after the initial lockout period), the coupon on the outstanding issue is 99 basis points higher than a theoretical par-priced new callable security with a structure of 4.5-year non-call 3-months with a Bermudan-style option (See **Figure 3**). As a result, based on these calculations, there is a potential to lower Fannie Mae’s cost of funding by calling the security.

Example III: A Callable Debt Security with an American-Style Call Option

The callable debt security, CUSIP 3136FMTE4, that we use in this example was issued in May 2010 with an issue amount of \$100 million, a coupon of 5.000 percent and a structure of 10-year non-call 3-months with an American-style call option. The figure shows that this security had a higher coupon than the cost of refinancing this security with a callable security that is continuously callable. Since this security had an American call option (i.e. can be called at any time after the initial lockout period), the coupon on the outstanding issue is 91 basis points higher than a par-priced new callable security with a maturity of 9.75 years and can be called continuously (See **Figure 3**). As a result, based on these calculations, there is a potential to lower Fannie Mae’s cost of funding by calling the security.

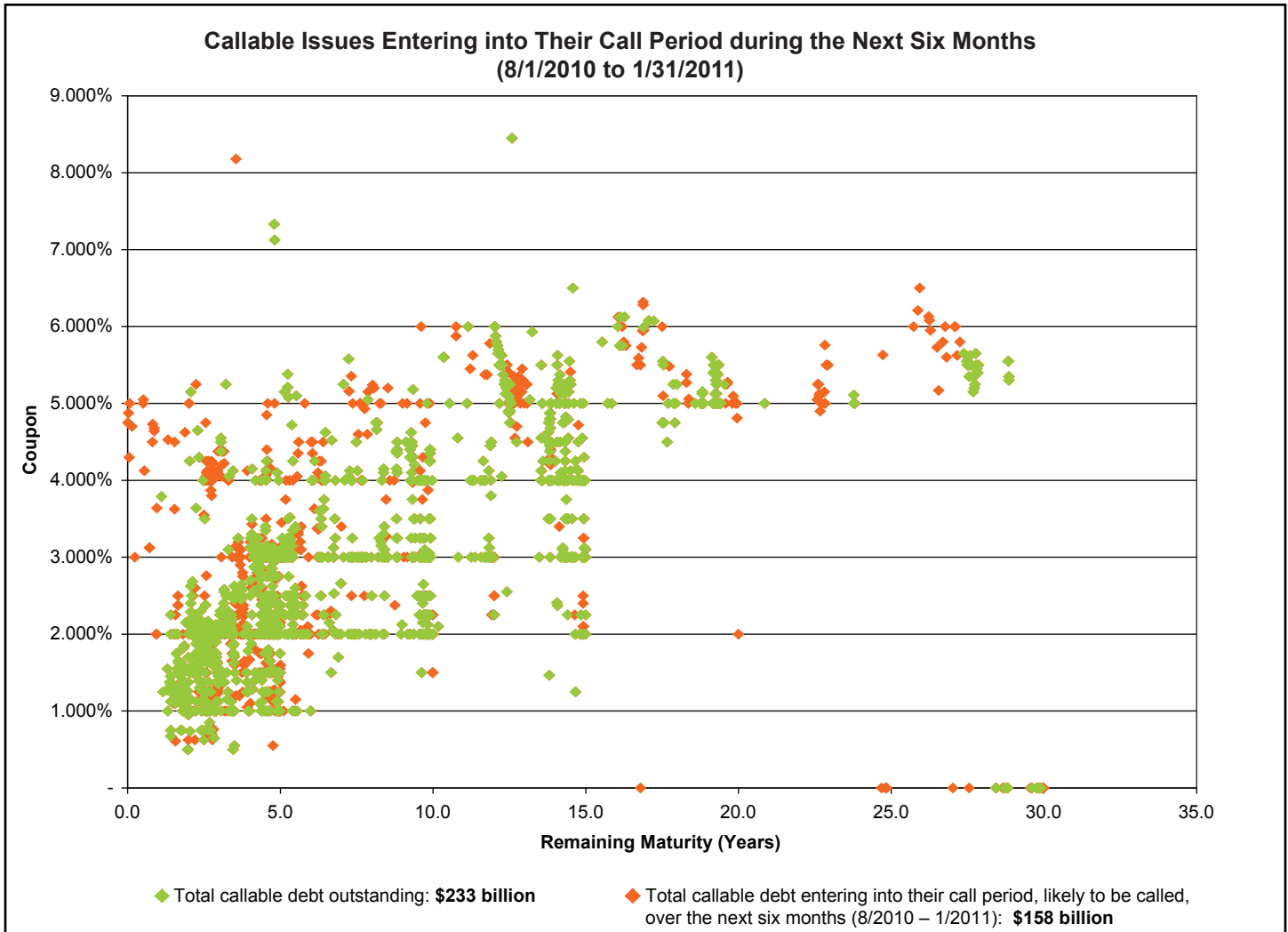


Figure 4

Near Term Outlook for Callable Redemption

Figure 1 shows that since August 2009 callable redemption activity has increased substantially. With the already low and further declining interest rates experienced during this time period, most callable issues that had entered into their call periods have been called. **Figure 4** illustrates the amount of callable debt outstanding, which was \$233 billion as of July 31, 2010. If current interest rates continue to be low, or decline further, callable redemptions should continue to increase. The amount of callable debt securities that will enter into their call periods over the next six months (August 2010 through January 2011) is estimated to be approximately \$158 billion. The amount of callable issues likely to be called is estimated based on the assumption that interest rates will remain at current levels or decline further.

These securities include approximately \$10 billion in American-style options which means that they can be called at any time after they pass their lockout dates; \$32 billion in European-style options which means they can be called only on the call date; and \$111 billion in Bermudan-style options which means they can be called on a predetermined schedule, most likely on a quarterly basis once they pass their lockout dates.

Operational Procedures for Calling Securities

Generally, when a callable security is called, Fannie Mae can call the issue in whole or in part. As a matter of practice, Fannie Mae generally calls its securities in whole. When Fannie Mae determines that an issue should be called, Fannie Mae gives notice in the manner set forth in the security's pricing supplement. The time between notification of when a security is being called and when redemption of principal occurs is at

least 10 calendar days. Following industry standards, if the call date falls on a non-business day, the redemption payment is made on the subsequent business day.

Fannie Mae typically provides notice of redemption through a multiple of different sources, which may include:

- **Call Monitor** on Fannie Mae's web site: http://www.fanniemae.com/markets/debt/call_monitor/call_monitor.jhtml?p=Debt+Securities&s=Call+Monitor, which provides a list of recently called securities as well as a list of currently callable securities.
- **Fannie Mae Redemption News Releases** on Fannie Mae's web site: <http://www.fanniemae.com/newsreleases/index.jhtml> which provides a list of called securities on a daily basis.
- **On the Federal Reserve Broadcast Message:** Custodial banks will receive/monitor callable debt redemption messages across the Fed wire.
- **By E-mail and the Investor Helpline:** Fannie Mae's Fixed-Income Securities Helpline specialists can answer investor questions on a security's call option or status by calling 1-888-BOND-HLP (1-888-266-3457) or by email: fixedincome_marketing@fanniemae.com.

Fannie Mae's Universal Debt Facility Offering Circular contains additional information and terms about the redemption of our debt securities.

Conclusion

In the current rate environment, the pace at which Fannie Mae callable debt securities have been redeemed has risen over the past few months. If interest rates continue to remain low, or decline further, we anticipate this trend will continue. This explanation of our current decision-making process for redeeming our callable debt allows investors to make an educated forecast as to whether or not Fannie Mae will make the decision to call a debt security.



FundingNotes is published by Fannie Mae's Fixed-Income Securities Marketing Group

John The Losen
Vice President and Editor

Alice Yang
Senior Product Manager
(202) 752-1035

Website: <http://www.fanniemae.com>
E-mail: fixedincome_marketing@fanniemae.com
Helpline: (888) BONDHLP

© 2010, Fannie Mae. This document is based upon information and assumptions (including financial, statistical or historical data and computations based upon such data) that we consider reliable and reasonable, but we do not represent that such information, assumptions, data or computations are accurate or complete, or appropriate or useful in any particular context, including the context of any investment decision, and it should not be relied upon as such. In addition, we do not undertake to update any information, data, or computations contained herein, or to communicate any change in the opinions and estimates expressed herein. No representation is made that any strategy, performance or result illustrated herein can or will be achieved or duplicated. The effect of factors other than those assumed, including factors not mentioned, considered or foreseen, by themselves or in conjunction with other factors, could produce dramatically different performance or results. Fannie Mae is the issuer of certain securities and instruments mentioned herein and Fannie Mae or its employees may from time to time have long or short positions in, and buy or sell or engage in other transactions, as principal, with respect to or relating to such securities or instruments. Fannie Mae securities are more fully described in applicable offering circulars, prospectuses, or supplements thereto (such applicable offering circulars, prospectuses and supplements, the "Offering Documentation"), which discuss certain investment risks and contain a more complete description of such securities. All statements made herein are qualified in their entirety by reference to the Offering Documentation. An offering only may be made through delivery of the Offering Documentation. Investors considering purchasing a Fannie Mae security should consult their own financial and legal advisors for information about such security, the risks and investment considerations arising from an investment in such security, the appropriate tools to analyze such investment, and the suitability of such investment in each investor's particular circumstances. The Debt Securities, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannie Mae. On September 6, 2008, the Federal Housing Finance Agency, or FHFA, placed Fannie Mae into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer, or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae.

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

Funding Liabilities and Debt Outstanding (in millions)	12/31/07	12/31/08	12/31/09	7/31/10
Federal Fund Borrowings	\$ -	\$ -	\$ -	\$ -
Other Short Term Funding Liabilities ¹	869	77	-	-
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase	\$ 869	\$ 77	\$ -	\$ -
Average maturity (in days)	1	-	-	-
Discount Notes	\$ 155,358	\$ 272,476	\$ 200,116	\$ 260,679
FX Discount Notes	859	402	401	309
Other Short Term Debt ²	50	7,661	50	-
Total Short Term Debt³	\$ 236,267	\$ 332,542	\$ 200,567	\$ 260,988
Average maturity (in days)	74	102	82	115
Benchmark Notes & Bonds ⁴	\$ 256,823	\$ 251,315	\$ 280,245	\$ 282,213
Callable Benchmark Notes ⁴	-	-	-	-
Subordinated Benchmark Notes	9,000	7,398	7,398	7,398
Callable Fixed Rate MTNs ^{5,6}	207,504	190,950	206,310	220,643
Noncallable Fixed Rate MTNs ^{5,6}	77,331	50,131	45,032	38,937
Callable Floating Rate MTNs ^{5,6}	8,135	1,530	3,871	3,220
Noncallable Floating Rate MTNs ^{5,6}	5,761	45,470	39,005	35,552
Other Long Term Debt ⁷	4,580	3,763	3,347	2,909
Total Long Term Debt^{8,9}	\$ 569,134	\$ 550,557	\$ 585,208	\$ 590,872
Average maturity (in months)	68	66	60	58
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Outstanding	\$ 806,270	\$ 883,176	\$ 785,775	\$ 851,860
Average maturity (in months)	48	42	45	41

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

Funding Liabilities and Debt Issuance (in millions)	2007	2008	2009	2010
Federal Fund Borrowings	\$ 13,065	\$ 5,617	\$ 1,000	\$ -
Other Short Term Funding Liabilities ¹	25,324	60,888	5,822	3,343
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase	\$ 38,389	\$ 66,505	\$ 6,822	\$ 3,343
Discount Notes	\$ 1,499,540	\$ 1,547,462	\$ 1,373,711	\$ 331,001
FX Discount Notes	2,291	2,583	1,060	345
Other Short Term Debt ¹⁰	86,777	8,661	50	-
Total Short Term Debt³	\$ 1,588,608	\$ 1,558,706	\$ 1,374,821	\$ 331,346
Benchmark Notes & Bonds	\$ 37,000	\$ 50,500	\$ 75,500	\$ 39,000
Callable Benchmark Notes	-	-	-	-
Subordinated Benchmark Notes	-	-	-	-
Callable Fixed Rate MTNs ⁶	135,886	150,255	187,983	176,168
Noncallable Fixed Rate MTNs ⁶	8,438	4,336	4,517	4,084
Callable Floating Rate MTNs ⁶	8,275	1,280	3,846	2,630
Noncallable Floating Rate MTNs ⁶	4,176	41,284	23,180	21,600
Other Long Term Debt ⁷	138	743	249	100
Total Long Term Debt⁸	\$ 193,913	\$ 248,399	\$ 295,275	\$ 243,582
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Issued	\$ 1,820,910	\$ 1,873,610	\$ 1,676,918	\$ 578,371
Net Issuance Long Term Debt¹¹	\$ (39,201)	\$ (18,363)	\$ 34,511	\$ 5,676

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

Endnotes

Footnotes for Tables 1 and 2

- ¹ Other Short Term Funding Liabilities includes Benchmark repos, contingency repo lending, and other short term funding liabilities.
- ² Other Short Term Debt includes coupon bearing short term notes.
- ³ Short term debt consists of borrowings with an original contractual maturity of one year or less.
- ⁴ Outstanding Benchmark Notes & Bonds with expired call options are reported as Benchmark Notes & Bonds.
- ⁵ Outstanding MTNs with expired call options are reported as Noncallable MTNs.
- ⁶ 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.
- ⁷ 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.
- ⁸ Long term debt consists of borrowings with an original contractual maturity of greater than one year.
- ⁹ 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 \$16.1 billion at July 31, 2010.
- ¹⁰ 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.
- ¹¹ 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

	July % of BIG	July Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return		July % of Agg	July Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return
Citigroup							Barclays Capital						
Fannie Mae Index:	2.07	0.78	3.21	4.03	5.09	6.07	Fannie Mae Index:	2.44	0.70	2.87	3.55	4.69	5.68
1-10 Years	1.94	0.72	2.79	3.52	4.51	5.56	1-10 Years	2.25	0.65	2.46	3.06	4.12	5.15
10+ Years	0.12	1.62	8.53	10.63	12.80	12.55	10+ Years	0.20	1.28	7.08	8.74	10.73	11.21
Callable	0.30	0.35	1.48	2.19	2.81	3.82	Callable	0.77	0.30	1.45	2.16	2.91	4.12
Noncallable	1.76	0.86	3.54	4.39	5.58	6.53	Noncallable	1.67	0.89	3.56	4.23	5.54	6.42
Globals*	1.97	0.78	3.10	3.87	4.90	6.06	Globals	1.87	0.78	3.14	3.84	5.01	5.92
Agency:	5.69	0.78	3.49	4.32	5.39	6.37	Agency:	7.59	0.66	2.66	3.32	4.41	5.53
Callable	0.48	0.30	1.19	1.74	2.32	3.41	Callable	1.59	0.28	1.19	1.83	2.49	3.81
Noncallable	5.20	0.83	3.74	4.62	5.79	6.73	Noncallable	6.00	0.77	3.07	3.73	4.95	6.01
Globals	4.73	0.78	3.06	3.79	4.79	5.93	Globals****	5.44	0.67	2.67	3.27	4.32	5.35
Citigroup							Barclays Aggregate						
Index**:	100.00	1.02	3.71	4.81	6.34	8.63	Index:	100.00	1.07	3.52	4.85	6.46	8.91
U.S. Treasury	35.07	0.67	4.24	4.84	6.48	6.88	U.S. Treasury	32.51	0.68	4.31	4.92	6.58	6.95
GSE***	6.87	0.88	3.41	4.22	5.35	6.37	Government-Related***	12.13	1.07	2.94	4.08	5.22	6.85
Credit	23.33	1.94	3.69	5.98	7.69	12.66	Corporate	18.28	1.96	3.56	6.13	7.87	13.30
MBS	34.49	0.76	3.31	4.09	5.51	7.73	MBS	33.77	0.86	3.13	3.97	5.35	7.52
ABS	0.23	1.04	2.68	4.66	5.74	13.35	ABS	0.29	1.24	3.24	4.36	6.12	12.14

* 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 2010 Debt Issuances

Includes all settled callable debt issues with maturities greater than one year.

Fannie Mae Callable Debt

Maturity/Call (Year)	July 2010 Par Amount (in thousands)	# Issues	YTD 2010 Par Amount (in thousands)	# Issues
1.50 NC 0.50			2,000,000,000	2
1.99 NC 0.24			2,000,000,000	2
2.00 NC 0.25	950,000,000	4	4,925,000,000	15
2.00 NC 0.50	425,000,000	4	6,085,500,000	36
2.00 NC 0.51			50,000,000	1
2.00 NC 0.75			125,000,000	3
2.00 NC 1.00	250,000,000	1	2,325,000,000	11
2.08 NC 0.75			100,000,000	3
2.09 NC 0.75			350,000,000	10
2.25 NC 0.25			300,000,000	2
2.25 NC 0.50	75,000,000	2	550,000,000	11
2.25 NC 0.75			100,000,000	1
2.25 NC 1.00	60,000,000	1	60,000,000	1
2.50 NC 0.25			50,000,000	1
2.50 NC 0.50			2,450,000,000	27
2.50 NC 0.75			60,000,000	1
2.50 NC 1.00			850,000,000	19
2.51 NC 0.25	250,000,000	1	450,000,000	3
2.51 NC 0.50	450,000,000	4	2,175,000,000	16
2.51 NC 1.00			475,000,000	5
2.51 NC 1.25			100,000,000	2
2.65 NC 0.65			50,000,000	1
2.67 NC 0.67			100,000,000	1
2.75 NC 0.25			500,000,000	1
2.75 NC 0.50	180,000,000	4	630,000,000	11
2.75 NC 0.75	325,000,000	4	1,060,000,000	20
2.75 NC 1.00	50,000,000	1	100,000,000	2
2.99 NC 0.99			250,000,000	1
3.00 NC 0.25	4,000,000,000	8	17,200,000,000	36
3.00 NC 0.50	1,585,000,000	12	11,680,000,000	89
3.00 NC 0.51			50,000,000	1
3.00 NC 0.99	65,000,000	2	230,000,000	7
3.00 NC 1.00	2,000,000,000	2	13,175,000,000	55
3.00 NC 1.49			500,000,000	1
3.00 NC 1.50			500,000,000	1
3.00 NC 2.00	250,000,000	1	250,000,000	1
3.01 NC 0.25	1,000,000,000	1	1,000,000,000	1
3.01 NC 0.26			1,200,000,000	2
3.01 NC 0.52			250,000,000	1
3.08 NC 1.08			30,000,000	1
3.09 NC 1.08			1,350,000,000	3
3.17 NC 1.17			30,000,000	1
3.24 NC 1.00			250,000,000	2
3.25 NC 0.25			100,000,000	1
3.25 NC 0.50			500,000,000	9
3.25 NC 0.75			100,000,000	1
3.25 NC 1.00			550,000,000	5
3.25 NC 1.25			50,000,000	1
3.33 NC 0.84			75,000,000	2
3.50 NC 0.25	75,000,000	1	1,850,000,000	9
3.50 NC 0.50	2,400,000,000	12	6,490,000,000	54
3.50 NC 1.00	50,000,000	1	1,125,000,000	19
3.50 NC 1.49			100,000,000	2
3.50 NC 1.50			550,000,000	10
3.50 NC 2.00			80,000,000	2
3.59 NC 1.33			50,000,000	1
3.75 NC 0.25			100,000,000	1
3.75 NC 0.50			50,000,000	1
3.75 NC 0.75	125,000,000	3	415,000,000	13
3.75 NC 1.00			75,000,000	2
3.75 NC 1.16			50,000,000	1
3.76 NC 1.00			200,000,000	6
3.83 NC 0.91			50,000,000	1
3.99 NC 1.50			30,000,000	2
4.00 NC 0.25	325,000,000	5	325,000,000	5
4.00 NC 0.50	300,000,000	2	2,225,000,000	22
4.00 NC 0.75			75,000,000	2
4.00 NC 0.76			100,000,000	1
4.00 NC 1.00	525,000,000	6	1,025,000,000	15
4.00 NC 1.49			20,000,000	1
4.00 NC 1.50			70,000,000	1
4.00 NC 2.00			50,000,000	1
4.25 NC 0.50	100,000,000	2	100,000,000	2
4.25 NC 1.00	50,000,000	1	250,000,000	3
4.33 NC 0.50			75,000,000	2
4.50 NC 0.25	1,400,000,000	4	1,400,000,000	4
4.50 NC 0.50	150,000,000	3	1,100,000,000	13
4.50 NC 1.00	385,000,000	7	560,000,000	11
4.75 NC 0.50	50,000,000	1	100,000,000	2

Fannie Mae Callable Debt

Maturity/Call (Year)	July 2010 Par Amount (in thousands)	# Issues	YTD 2010 Par Amount (in thousands)	# Issues
4.84 NC 0.84			50,000,000	1
4.99 NC 0.25	75,000,000	1	75,000,000	1
5.00 NC 0.25	100,000,000	3	700,000,000	12
5.00 NC 0.50	1,925,000,000	43	17,567,786,000	303
5.00 NC 0.92	50,000,000	1	50,000,000	1
5.00 NC 1.00	2,610,000,000	42	7,117,000,000	106
5.00 NC 1.50	75,000,000	2	1,035,000,000	10
5.00 NC 2.00	685,000,000	7	3,345,000,000	36
5.00 NC 2.50			50,000,000	1
5.00 NC 2.51			350,000,000	9
5.04 NC 0.29			200,000,000	1
5.08 NC 0.50			163,000,000	1
5.25 NC 0.50	50,000,000	1	50,000,000	1
5.33 NC 1.00			50,000,000	1
5.49 NC 0.50			720,000,000	17
5.49 NC 0.75			50,000,000	1
5.49 NC 1.00			526,000,000	11
5.49 NC 2.00			100,000,000	2
5.50 NC 0.25	550,000,000	3	550,000,000	3
5.50 NC 0.50	175,000,000	3	2,935,000,000	67
5.50 NC 1.00	200,000,000	4	1,135,000,000	21
5.50 NC 1.50	50,000,000	1	400,000,000	8
5.50 NC 2.00			425,000,000	10
5.51 NC 0.51			50,000,000	1
5.75 NC 0.25	50,000,000	1	50,000,000	1
5.75 NC 0.75			225,000,000	7
6.00 NC 0.50	50,000,000	1	545,000,000	10
6.00 NC 1.00	100,000,000	2	460,400,000	10
6.00 NC 1.50			50,000,000	1
6.00 NC 2.00			200,000,000	4
6.00 NC 2.50			155,000,000	5
6.25 NC 1.00	200,000,000	6	200,000,000	6
6.25 NC 2.00	50,000,000	1	50,000,000	1
6.50 NC 0.25			100,000,000	2
6.50 NC 1.00			150,000,000	4
6.51 NC 0.50	50,000,000	1	50,000,000	1
6.51 NC 1.00			50,000,000	1
6.99 NC 0.99			50,000,000	1
7.00 NC 0.25			50,000,000	1
7.00 NC 0.50	125,000,000	3	1,470,000,000	27
7.00 NC 0.51	54,837,000	1	54,837,000	1
7.00 NC 1.00			4,200,000,000	6
7.00 NC 2.00			1,150,000,000	3
7.00 NC 2.51	50,000,000	1	50,000,000	1
7.00 NC 3.00			50,000,000	3
7.50 NC 0.50	50,000,000	1	425,000,000	10
7.50 NC 0.99	50,000,000	1	50,000,000	1
7.50 NC 1.00			50,000,000	1
7.51 NC 0.51			50,000,000	1
7.75 NC 0.75			50,000,000	1
8.00 NC 0.50	305,000,000	6	1,360,000,000	31
8.00 NC 1.00	100,000,000	2	100,000,000	2
8.00 NC 3.00			75,000,000	2
8.50 NC 0.25			100,000,000	2
8.50 NC 0.50	50,000,000	1	1,925,000,000	56
9.00 NC 0.25			50,000,000	1
9.00 NC 0.50	125,000,000	3	125,000,000	3
10.00 NC 0.25	100,000,000	2	1,710,000,000	15
10.00 NC 0.50	225,000,000	5	7,490,000,000	175
10.00 NC 0.75	50,000,000	1	50,000,000	1
10.00 NC 1.00	50,000,000	1	2,565,000,000	35
10.00 NC 1.50			250,000,000	1
10.00 NC 2.00	100,000,000	2	450,000,000	9
12.00 NC 0.25	50,000,000	1	150,000,000	3
12.00 NC 0.50	332,000,000	8	2,032,000,000	31
12.00 NC 1.00	225,000,000	5	350,000,000	9
12.50 NC 0.50			100,000,000	3
15.00 NC 0.25	100,000,000	2	785,000,000	13
15.00 NC 0.50	1,050,000,000	15	6,250,000,000	104
15.00 NC 0.76			50,000,000	1
15.00 NC 1.00	75,000,000	2	925,000,000	17
15.00 NC 3.00			50,000,000	1
19.99 NC 1.99			200,000,000	1
20.00 NC 1.00	250,000,000	3	625,000,000	10
25.00 NC 1.00			2,500,000,000	3
30.00 NC 0.50			3,039,000,000	8
30.00 NC 1.00	1,233,000,000	2	1,233,000,000	2
30.00 NC 2.00			550,000,000	1
Total	\$29,644,837,000	291	\$178,798,523,000	1,914

2010 Debt Redemptions

Callable Debt Redeemed (in billions)

January	\$	12.0
February	\$	18.4
March	\$	25.8
April	\$	26.6
May	\$	18.4
June	\$	24.5
July	\$	39.4
TOTAL	\$	165.1

Summary Breakdown of 2010 Benchmark Notes Issuance

Fannie Mae Noncallable Benchmark Notes

Maturity	July 10		YTD 2010 Par Amount	# Issues
	Par Amount	# Issues		
2 Years			13,000,000,000	3
3 Years	6,000,000,000	1	20,000,000,000	4
5 Years			3,000,000,000	1
TOTAL NEW ISSUANCE	6,000,000,000	1	36,000,000,000	8

Recent Benchmark Notes Transaction

Benchmark Securities	Size/Cusip	Lead-Managers	Co-Managers	Pricing Date and Spread	Geographic Distribution	Investor Type Distribution
3 year 1.250% 8/20/2013	\$6 billion 31398AX31	Citigroup Global Markets Inc.; Deutsche Bank Securities Inc.; UBS Securities LLC	Banc of America Securities; FTN Financial Capital Markets; Goldman Sachs & Co.; MFR Securities, Inc.; J.P. Morgan & Co.; Williams Capital Group	July 8, 2010 +23.5 basis points 1.125% 6/15/2013 U.S. Treasury	U.S. 41.9% Asia 27.6% Europe 2.5% Other 28.0%	Fund Manager 35.2% Comm. Banks 4.0% Insurance 1.8% Central Banks 55.2% State & Local Gov't 3.5% Retail 0.3%

Benchmark Repo Lending Facility Auction Results

Auction Date	REPO Maturity	CUSIP	Maturity	Amount Loaned (\$MM)	WAVG Yield	# of Bids
7/1/2010	7/2/2010	31398AB43	1/12/2012	\$90	0.01	1
7/1/2010	7/2/2010	31398AP71	6/22/2012	\$120	0.01	1
7/2/2010	7/6/2010	31398AP71	6/22/2012	\$150	0.01	1
7/2/2010	7/6/2010	31398AT44	6/26/2013	\$90	0.01	1
7/6/2010	7/7/2010	31398AB43	1/12/2012	\$73	0.01	1
07/06/10	7/7/2010	31398AP71	6/22/2012	\$150	0.01	1
07/07/10	7/8/2010	31398AP71	6/22/2012	\$150	0.01	1
07/08/10	7/9/2010	31398AP71	6/22/2012	\$150	0.01	1
07/09/10	7/12/2010	31398AB43	1/12/2012	\$90	0.01	1
07/12/10	7/13/2010	31398AB43	1/12/2012	\$37	0.01	1