Recent Trends in the Issuance of Fannie Mae Callable Debt Securities

January 2009

Callable Debt Issuance in December 2008

Structure	Issue Amount	Count
1.50NC0.25	$ 280,000,000	3
1.50NC0.50	$ 850,000,000	1
2.00NC0.25	$ 712,500,000	9
2.00NC0.50	$ 10,000,000	1
2.00NC1.00	$ 300,000,000	2
2.25NC0.25	$ 31,000,000	1
2.50NC0.25	$ 30,000,000	1
2.50NC0.50	$ 90,000,000	2
3.00NC0.25	$ 185,000,000	4
3.00NC0.50	$ 50,000,000	1
3.00NC1.00	$ 2,500,000,000	3
3.00NC2.00	$ 85,000,000	1
3.50NC0.50	$ 40,000,000	2
3.50NC2.00	$ 65,000,000	1
4.00NC1.00	$ 55,000,000	2
4.00NC2.00	$ 40,000,000	2
5.00NC0.25	$ 65,000,000	3
5.00NC1.00	$ 2,100,000,000	1
5.00NC3.00	$ 60,000,000	1
7.00NC1.00	$ 2,600,000,000	2
8.00NC0.25	$ 20,000,000	1
10.00NC2.00	$ 4,800,000,000	3
30.02NC1.00	$ 1,404,000,000	4
Grand Total	**$ 16,372,500,000**	**51**

Figure 1

Type of Options	December 2008	2008
American	0.2%	5.5%
Bermudan	15.7%	31.2%
European	84.1%	63.3%
Total	**100.0%**	**100.0%**

Figure 2

In this edition of *FundingNotes*, we provide an overview of recent trends in Fannie Mae's callable debt issuance and focus on some of the more common structures that were issued in the last part of 2008, especially in December. In particular, we will focus on the tenors, the types of cal options, and the lockout periods of the securities that were issued in December. We will also analyze the role that volatility has played in determining the maturities and lockout periods of callable debt securities that have been issued recently and preferred by investors. We then model the potential performance of those callable debt securities that have been issued most frequently in December and analyze how these securities may perform in different interest rate environments in the coming year.

While Fannie Mae's issuance of callable debt often fluctuates over the course of a year due to a number of different market factors, 2008 was a year in which Fannie Mae's monthly issuance of callable debt securities changed drastically between the beginning and the end of the year. Fannie Mae's callable debt issuance in 2008 began relatively strong with monthly issuance of callable debt averaging approximately $18 billion during the first six months of the year. However, during the second part of the year, the agency market faced a number of challenges and the average Fannie Mae issuance of callable debt decreased considerably. The average monthly amount of callable debt that Fannie Mae issued during the third quarter of 2008 was $6.3 billon, and issuances continued to decrease in October and November, with issuance of $3.3 billon and $1.2 billion respectively.

While there was a significant decrease in issuance of callable debt from July to November 2008, the issuance of callable debt increased noticeably in December 2008. During the month of December, Fannie Mae issued $16.4 billion of callable debt **(see Figure 1)**. Of this $16.4 billion, issuance was broadly distributed between different tenors, with the largest percentage of callable debt being issued in the long-term maturity bucket.[1] Moreover, 32 percent of callable debt securities were issued with maturities between 1-3 years (short-term), 30 percent were issued with maturities between 4-7 years (intermediate term), and 38 percent were issued with maturities between 8-30 years (long-term). Specifically, within the long-term bucket, the 10-year non-call 2-year structure was particularly popular with $4.8 billion in issuance during the month of December. The 38 percent issuance of long-term callable debt securities in December of 2008 was a noticeable increase. During the entire year of 2008, we only issued 28 percent of long-term callable debt securities. In terms of the type of options that were associated with these debt securities that were issued in December of 2008 **(see Figure 2)**, approximately

[1] Long-term maturity callable debt securities refer to callable securities with maturities of eight years and beyond, and lockout periods of greater than 12 months.

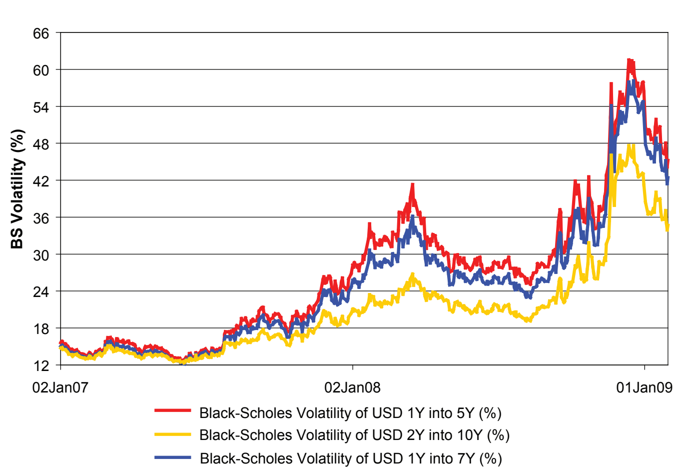
84 percent that were issued had European call options. The 84 percent of callable debt securities that were issued with European call options represents a significant increase over the percentage of debt that was issued with European call options over the course of the year, when approximately 63 percent of the callable debt securities that were issued had European call options. The increase in the percentage of callable debt securities with European options in December can in part be attributed to the fact that during that month Fannie Mae issued a number of more standard structures (for example 3NC1, 7NC1, and 10NC2), in large sizes and the investors who purchased these securities preferred European options, which tend to be easier to analyze and hedge.

The increase in callable debt issuance, and in particular, the increase in callable debt securities with longer tenors and European style call options in the latter part of December occurred for several reasons. First, in response to low rates across the curve, many investors extended duration in an attempt to increase yield. These investors were looking for longer-term paper with high credit quality and relative liquidity. Second, swaption implied volatilities were at an all-time high towards the end of 2008, which allowed investors the opportunity to enhance returns by going short interest rate volatility if they believed that implied volatility would eventually decline. Third, recent spread movements resulted in longer-dated Fannie Mae callable debt being priced attractively from volatility and total return perspectives.

Implied Volatility at Historically High Levels

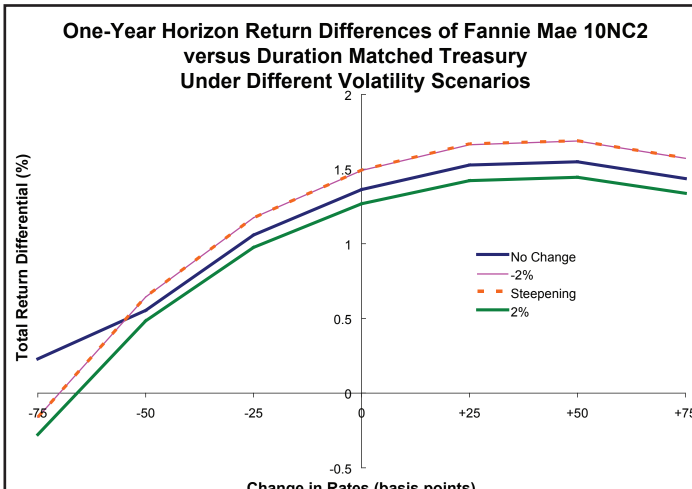
Implied volatilities have been at historically high levels since the fourth quarter in 2008 **(see Figure 3)**. Implied volatility is the term applied to the level of interest rate volatility that would need to prevail in the future for the current pricing of a callable security, or other securities with embedded optionality, such that the investor breaks even (i.e. investors will neither receive a profit nor incur loss). Callable debt investors would naturally prefer to buy callables at higher implied volatility and to sell callables at lower implied volatility. Therefore, if the level of the implied volatility persists at such a high level, investors can short interest rate volatility by purchasing callable debt securities if they believe the implied volatility would trend downward in 2009.

Given that investors have bought more longer-dated Fannie Mae callable debt recently, we have run a hypothetical scenario of how longer-dated callable debt might perform in the future. For modeling purposes, we chose a 10-year non-call 2-year European style callable (10NC2), and we ran scenarios on the potential return performance of the 10NC2 callable relative to a duration-matched Treasury security under different volatility and interest rate scenarios. **Figure 4** shows the results of the one-year horizon return differences between the 10NC2 callable relative to a duration-matched Treasury security with an unchanged, up two percent, down two percent and steepening volatility surface. As predicted, based on those assumptions, the 10NC2 outperforms when the volatility surface drops two percent or the surface



Source: Bank of America Securities

Figure 3



Source: Citigroup Yieldbook

Figure 4

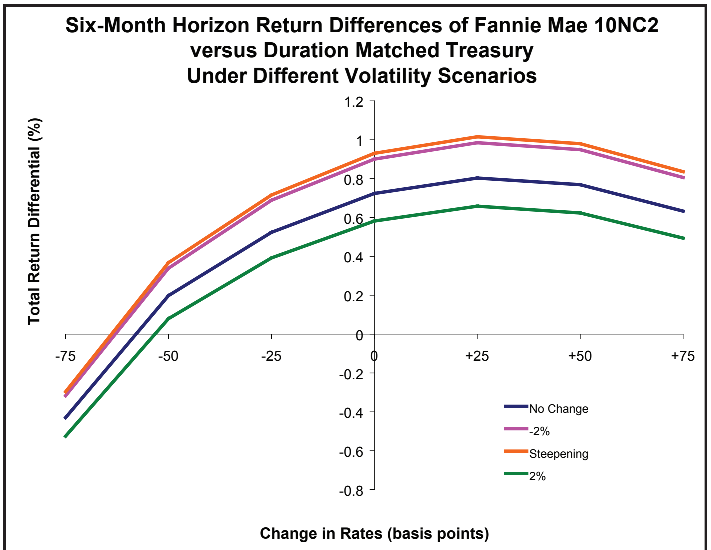


Figure 5

Source: Citigroup Yieldbook

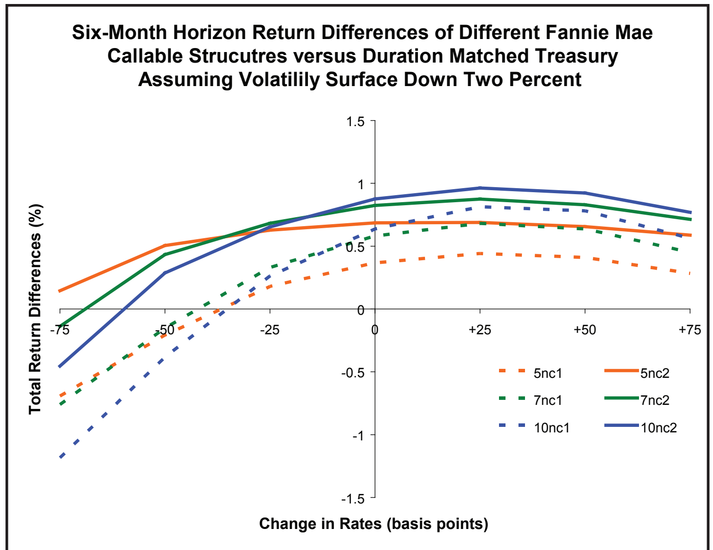


Figure 6

Source: Citigroup Yieldbook

steepens, and when interest rates across the yield curve simultaneously experience a parallel increase of 25 basis points. Given these assumptions, even if the volatility surface and the interest rate remain at the same levels, the 10NC2 still provides a greater rate of return than such Treasury security.

Figure 5 shows the same analysis assuming a six-month horizon. The results of the analysis are similar to the results assuming the one-year horizon. However, what is more prevalent in this analysis pertains to the outperformance of this 10NC2 security when the volatility surface steepens, led by a larger decline in front-end volatility. Many economists have expressed a view that short-term rates will remain range-bound. In fact, the implied probability of the Fed Funds rate remaining at between zero and 25 basis points is close to 65 percent for the first half of 2009. Investors have the potential to benefit from owning longer-dated callables if short-term rates stay in a low range and implied volatility decreases in the coming months. It is also interesting to note that, under these assumptions, the 10NC2 still outperforms the similar duration Treasuries when interest rates experience a parallel shift across the yield curve between -25 basis points and +75 basis points.

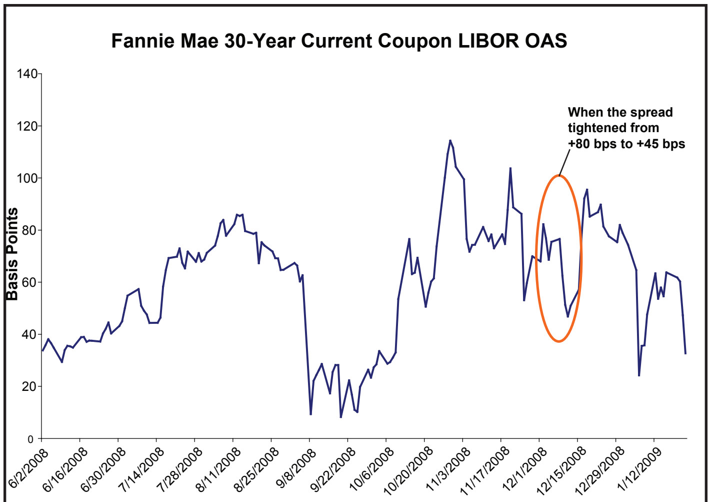
Total Return Comparison of 5-, 7-, and 10-year Callables Relative to Treasuries

As mentioned earlier, investor interest in extending duration to pick up yield can also be shown by analyzing total returns of different callable structures relative to duration-matched Treasuries. **Figure** 6 shows how 5-, 7-, and 10-year callables perform versus duration-matched Treasuries in a hypothetical scenario where the volatility surface decreases by two percent in the coming six months. Longer-dated callables, under that scenario, tend to outperform more than shorter-dated callables. In this scenario, investors who believe that rates across the curve will remain range-bound may be able to earn an excess return from investing in a 10NC2 over the other two callable structures we analyze here. This is especially the case for the 5NC1 security. Also, the impact of volatility changes affect longer-dated callables more than shorter-dated callables. Therefore, callable securities with longer lockout periods tend to outperform those with shorter lockout periods. Figure 4 clearly illustrates this point. Using these hypothetical scenarios, the three callable structures, 5NC2, 7NC2 and 10NC2 all outperform 5NC1, 7NC1 and 10NC1, respectively.

Callables vs. Mortgage Pass-Throughs

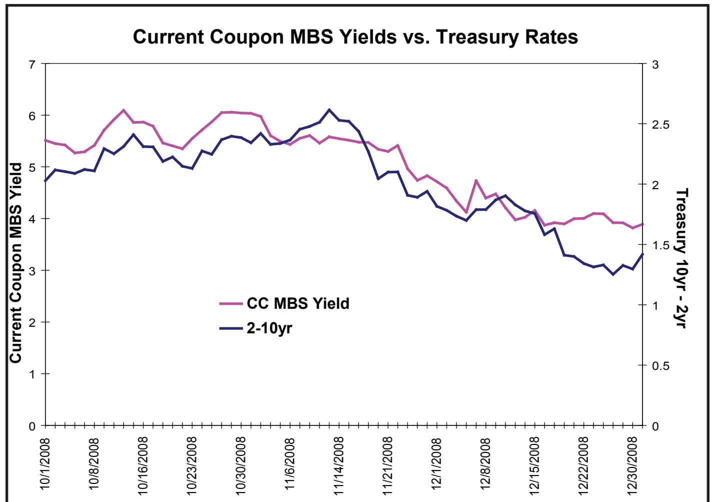
An additional factor that many believe contributed to the increase in callable issuance in December was the tightening of mortgage pass-through valuations that occurred that month. In mid-December 2008 **(see Figure 7)**, there was a sudden decline in 30-year current coupon LIBOR OAS from almost +80 basis points to +45 basis points, which encouraged some investors to sell volatility by purchasing comparable duration agency callables (with a one-time call) instead of transacting in the MBS market. For example, a generic

Figure 7



Source: Barclays Capital

Figure 8



Source: Bloomberg

10NC2 callable security with a one-time call option had a modified duration of 4.25 years and 30-year Fannie Mae 5% MBS had a modified duration of 4.37 years. When the mortgage LIBOR OAS tightened, investors could purchase comparable duration agency callables, which allowed them to gain exposure to a less negatively convex asset while earning extra yield. Moreover, when MBS yields declined from 4.78% in late November to 3.89% in late December as Treasury rates declined dramatically in December **(see Figure 8)**, investors would not get that much coupon income from investing in agency MBS. Therefore, investors looked to sell volatility using agency callables to enhance returns.

Conclusion

With the Fed on appearing to be on hold and low rates, as investors look to extend duration to pick up yield, they look for longer-term high credit quality vehicles such as Fannie Mae callable debt securities. By doing so, investors can short interest rate volatility by taking a view on the direction of implied volatility such that the implied volatility is trending down in 2009, as it was at historically high levels in the latter part of 2008. In that case, investors may also earn excess returns by purchasing longer-dated callables relative to duration-matched Treasuries. Assuming that rates are range-bound, the analyses described in this *FundingNotes* project that callables have the potential to outperform duration-matched Treasuries in a number of scenarios.

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For Fannie Mae's Investors and Dealers

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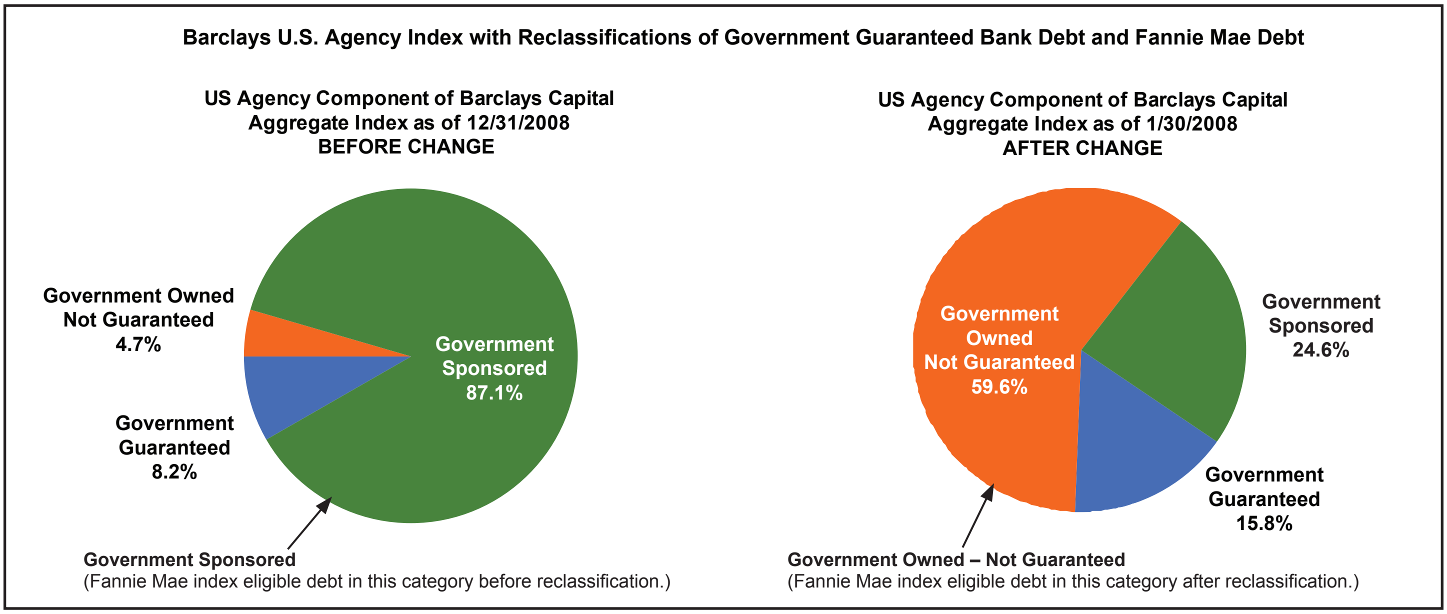
Addendum

On October 23, 2008, Barclays Capital announced that Fannie Mae debt that had traditionally been classified in the category “Government-Sponsored” (see below):

Barclays U.S. Aggregate Index > Government-Related > Agencies > Government-Sponsored would be reclassified into the following category “Government Owned – Not Guaranteed” (see below):

Barclays U.S. Aggregate Index >Government-Related > Agencies > Government Owned - No Guarantee.

This change was effective on December 1, 2008. The pie charts below show where Fannie Mae debt was categorized both before and after the change to the Barclays Index.



Fannie Mae Funding Liabilities and Debt Outstanding 2005 through December 31, 2008

Funding Liabilities and Debt Outstanding (in millions)	12/31/05	12/31/06	12/31/07	12/31/08
Federal Fund Borrowings	$ 705	$ 700	$ -	$ -
Other Short Term Funding Liabilities[1]	-	-	869	77
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**$ 705**	**$ 700**	**$ 869**	**$ 77**
Average maturity (in days)	1	1	1	-
Discount Notes	$ 92,924	$ 83,893	$ 155,358	$ 272,476
Benchmark Bills	75,000	76,500	80,000	52,003
FX Discount Notes	1,786	1,917	859	402
Other Short Term Debt[2]	1,176	5,613	50	7,661
Total Short Term Debt[3]	**$ 170,886**	**$ 167,923**	**$ 236,267**	**$ 332,542**
Average maturity (in days)	67	81	74	102
Benchmark Notes & Bonds[4]	$ 281,665	$ 277,706	$ 256,823	$ 251,315
Callable Benchmark Notes[4]	7,000	-	-	-
Subordinated Benchmark Notes	12,500	11,000	9,000	7,398
Callable Fixed Rate MTNs[5,6]	161,773	192,374	207,504	190,950
Noncallable Fixed Rate MTNs[5,6]	101,738	114,242	77,331	50,131
Callable Floating Rate MTNs[5,6]	596	831	8,135	1,530
Noncallable Floating Rate MTNs[5,6]	24,166	5,470	5,761	45,470
Other LongTerm Debt[7]	5,275	4,138	4,580	3,763
Total Long Term Debt[8,9]	**$ 594,713**	**$ 605,761**	**$ 569,134**	**$ 550,557**
Average maturity (in months)	53	57	68	66
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Outstanding	**$ 766,304**	**$ 774,384**	**$ 806,270**	**$ 883,176**
Average maturity (in months)	41	45	48	42

Fannie Mae Funding Liabilities and Debt Issuance 2005 through December 31, 2008

Funding Liabilities and Debt Issuance (in millions)	2005	2006	2007	2008
Federal Fund Borrowings	$ 200,183	$ 58,186	$ 13,065	$ 5,617
Other Short Term Funding Liabilities[1]	11,117	172,493	25,324	60,888
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**$ 211,300**	**$ 230,679**	**$ 38,389**	**$ 66,505**
Discount Notes	$ 2,291,483	$ 1,833,688	$ 1,293,040	$ 1,361,959
Benchmark Bills	281,000	196,500	206,500	185,503
FX Discount Notes	10,870	6,379	2,291	2,583
Other Short Term Debt[10]	1,201	4,863	86,777	8,661
Total Short Term Debt[3]	**$ 2,584,554**	**$ 2,041,430**	**$ 1,588,608**	**$ 1,558,706**
Benchmark Notes & Bonds	$ 37,000	$ 42,000	$ 37,000	$ 50,500
Callable Benchmark Notes	-	-	-	-
Subordinated Benchmark Notes	-	-	-	-
Callable Fixed Rate MTNs[6]	88,126	113,716	135,886	150,255
Noncallable Fixed Rate MTNs[6]	14,616	20,898	8,438	4,336
Callable Floating Rate MTNs[6]	170	2,700	8,275	1,280
Noncallable Floating Rate MTNs[6]	15,900	2,000	4,176	41,284
Other LongTerm Debt[11]	625	0	138	743
Total Long Term Debt[8]	**$ 156,437**	**$ 181,314**	**$ 193,913**	**$ 248,399**
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Issued	**$ 2,952,291**	**$ 2,453,423**	**$ 1,820,910**	**$ 1,873,610**
Net Issuance Long Term Debt[12]	**$ (40,520)**	**$ 12,058**	**$ (39,201)**	**$ (18,363)**

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. For 2006, the Other Short Term Funding Liabilities amount of $172,493 million includes intra-days loans in the amount of $163,509 million.
[2] For 2005, 2007 and thereafter Other Short Term Debt includes coupon bearing short term notes. For 2006 Other Short Term Debt includes coupon bearing short term notes and investment agreements.
[3] Short term debt represents 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 2005, 2007 and thereafter Other Long Term Debt includes long term foreign currency debt, investment agreements, and other long term securities. For 2006 Other Long Term Debt includes long term foreign currency debt and other long term securities.
[8] Long term debt represents 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 $9.9 billion at December 31, 2005, $11 billion at December 31, 2006, $10.8 billion at December 31, 2007, and $13.7 billion at September 30, 2008.
[10] For 2005, and months beginning Oct 2007 and thereafter Other Short Term Debt includes coupon bearing short term notes. For 2006 and the first 9 months of 2007, Other Short Term Debt includes coupon bearing short term notes and investment agreements. For 2007, the Other Short Term Debt issuance amount of $86,777 million includes intra-days loans in the amount of $86,727 million.
[11] For 2005, and months beginning Oct 2007 and thereafter Other Long Term Debt includes long term foreign currency debt, investment agreements, and other long term securities. For 2006 Other Long Term Debt includes long term foreign currency debt and other long term securities.
[12] Net Issuance Long Term Debt amounts represent the difference between long term debt issued and long term debt redeemed. For any period, a positive value indicates that long term debt issued was greater than long term debt redeemed, and a negative value indicates that long term debt redeemed was greater than long term debt issued. For any period, a positive value indicates that long term debt issued was greater than long term debt redeemed, and a negative value indicates that long term debt redeemed was greater than 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 are implementing data reclassifications and other changes to betteralign the statistical information we present in our funding summary report with the financial information we report in our quarterly and annual filings with the SEC.

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

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

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

Numbers may not foot due to rounding.

Debt Securities Index Reports

	December % of BIG	December Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return
Citigroup Fannie Mae Index:	2.85	4.18	7.09	8.48	9.98	9.98
1-10 Years	2.57	3.28	5.99	7.4	9.23	9.23
10+ Years	0.27	13.24	18.27	19.14	17.39	17.39
Callable	0.40	2.37	3.54	4.72	6.67	6.67
Noncallable	2.45	4.42	7.55	8.97	10.45	10.45
Globals	2.21	4.17	6.99	8.56	10.16	10.16
Agency:	7.89	4.34	7.25	8.53	10.25	10.25
Callable	0.67	1.80	3.15	4.22	6.48	6.48
Noncallable	7.21	4.54	7.57	8.88	10.55	10.55
Globals	5.77	4.33	7.32	8.79	10.46	10.46
Citigroup Index*:	100.00	3.46	5.65	5.53	7.02	7.02
U.S. Treasury	27.81	3.42	8.85	11.41	13.89	13.89
GSE**	8.95	4.05	6.97	8.31	10.10	10.10
Credit	23.14	6.52	4.16	-2.66	-2.90	-2.90
MBS	39.79	1.71	4.26	6.51	8.49	8.49
ABS	0.31	1.90	-6.48	-8.88	-7.58	-7.58

	December % of Agg	December Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return
Barclays Capital Fannie Mae Index:	3.18	3.56	6.23	7.40	9.07	9.07
1-10 Years	2.80	2.82	5.31	6.53	8.38	8.38
10+ Years	0.38	9.24	13.45	14.25	14.51	14.51
Callable	1.02	1.72	3.64	4.50	6.24	6.24
Noncallable	2.16	4.42	7.45	8.80	10.43	10.43
Globals	2.23	4.02	6.99	8.42	10.01	10.01
Agency:	9.66	3.59	6.33	7.47	9.26	9.26
Callable	2.18	1.46	3.27	4.17	6.00	6.00
Noncallable	7.48	4.28	7.33	8.57	10.30	10.30
Globals***	6.43	3.95	7.02	8.35	10.02	10.02
Barclays Aggregate Index:	100.00	3.73	4.58	4.07	5.24	5.24
U.S. Treasury	25.07	3.39	8.75	11.26	13.74	13.74
Government-Related**	13.54	3.69	5.72	6.76	8.51	8.51
Corporate	17.67	6.80	3.98	-4.13	-4.94	-4.94
MBS	39.58	1.67	4.34	6.29	8.34	8.34
ABS	0.59	-0.59	-6.82	-10.29	-12.72	-12.72
CMBS	3.55	16.98	-13.52	-18.57	-20.52	-20.52

* 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 2008 Debt Issuances

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

Fannie Mae Fixed Rate Callable Debt

Maturity/Call (Year)	*December 2008 Par Amount (in thousands)*	*# Issues*	*YTD 2008 Par Amount (in thousands)*	*# Issues*
1.00NC0.25			$ 1,000,000,000	1
1.49NC0.49			25,000,000	1
1.50NC0.25	280,000,000	3	1,005,000,000	6
1.50NC0.50	850,000,000	1	850,000,000	1
1.67NC0.50			20,000,000	1
1.75NC0.75			50,000,000	1
1.99NC0.50			250,000,000	1
1.99NC0.99			50,000,000	1
2.00NC0.25	712,500,000	9	18,602,500,000	70
2.00NC0.49			100,000,000	1
2.00NC0.50	10,000,000	1	4,010,130,000	25
2.00NC0.75			250,000,000	1
2.00NC0.83			50,000,000	1
2.00NC1.00	300,000,000	2	9,470,000,000	46
2.25NC0.25	31,000,000	1	126,000,000	3
2.25NC0.50			50,000,000	1
2.25NC1.00			10,000,000	1
2.48NC0.48			55,000,000	1
2.50NC0.25	30,000,000	1	295,000,000	6
2.50NC0.50	90,000,000	2	740,000,000	12
2.50NC1.00			690,500,000	16
2.73NC0.73			200,000,000	1
2.75NC0.25			100,000,000	2
2.75NC0.75			50,000,000	1
2.75NC1.00			725,000,000	4
2.76NC0.76			50,000,000	1
2.90NC0.65			30,000,000	1
2.96NC0.46			100,000,000	2
2.99NC0.99			25,679,000	6
3.00NC0.25	185,000,000	4	4,470,000,000	41
3.00NC0.26			75,000,000	1
3.00NC0.50	50,000,000	1	2,585,000,000	20
3.00NC1.00	2,500,000,000	3	19,825,000,000	61
3.00NC1.50			175,000,000	3
3.00NC2.00	85,000,000	1	442,340,000	6
3.08NC1.08			15,000,000	1
3.25NC1.50			10,000,000	1
3.42NC0.92			15,000,000	1
3.50NC0.25			200,000,000	4
3.50NC0.50	40,000,000	2	215,000,000	6
3.50NC1.00			435,000,000	13
3.50NC1.50			1,050,000,000	3
3.50NC2.00	65,000,000	1	65,000,000	1
3.75NC0.25			25,000,000	1
3.75NC1.25			15,000,000	1
3.98NC0.98			1,190,000	1
4.00NC0.25			75,000,000	2
4.00NC0.26			250,000,000	1
4.00NC0.50			145,000,000	4
4.00NC0.75			50,000,000	1
4.00NC1.00	55,000,000	2	618,853,000	17
4.00NC1.25			15,000,000	1
4.00NC1.50			75,000,000	1
4.00NC2.00	40,000,000	2	455,000,000	14
4.50NC0.25			50,000,000	2
4.50NC0.50			25,000,000	1
4.50NC1.00			37,101,000	2
4.50NC1.50			25,000,000	1
4.50NC2.50			10,000,000	1
4.51NC1.00			125,000,000	2
4.99NC0.24			75,000,000	3
4.99NC0.99			3,728,000	1
5.00NC0.25	65,000,000	3	8,060,000,000	128
5.00NC0.50			3,695,000,000	35
5.00NC0.59			10,000,000	1
5.00NC0.75			100,000,000	3
5.00NC0.99			600,000,000	2
5.00NC1.00	2,100,000,000	1	11,992,801,000	73
5.00NC1.50			3,020,000,000	2
5.00NC2.00			2,985,000,000	28
5.00NC3.00	60,000,000	1	390,000,000	5
5.02NC2.00			27,000,000	1
5.31NC0.31			30,000,000	1
5.50NC0.25			575,000,000	6
5.50NC0.50			150,000,000	5
5.50NC1.00			315,311,000	12
5.50NC1.25			40,000,000	2
5.50NC2.00			50,000,000	2
5.51NC0.25			75,000,000	2
5.51NC0.50			25,000,000	1
5.51NC1.00			50,000,000	2
5.51NC2.00			25,000,000	1
5.51NC3.00			50,000,000	2
5.98NC0.98			1,073,000	1
6.00NC0.25			300,000,000	3
6.00NC0.50			15,000,000	1
6.00NC1.00			453,828,000	21
6.00NC1.50			75,000,000	3
6.00NC2.00			340,000,000	10
6.00NC2.75			25,000,000	1
6.50NC0.99			301,000	1
6.50NC1.50			50,000,000	1
6.50NC2.00			75,000,000	3
6.50NC2.50			10,000,000	1
7.00NC0.25			325,000,000	10
7.00NC0.50			50,000,000	2
7.00NC1.00	2,600,000,000	2	3,502,756,000	12
7.00NC1.50			10,000,000	1
7.00NC2.00			715,000,000	9

Maturity/Call (Year)	*December 2008 Par Amount (in thousands)*	*# Issues*	*YTD 2008 Par Amount (in thousands)*	*# Issues*
7.00NC2.75			10,000,000	1
7.00NC3.00			280,000,000	6
7.00NC3.50			10,000,000	1
7.00NC4.00			25,000,000	1
7.48NC0.97			3,280,000	1
7.49NC0.99			40,934,000	1
7.50NC0.50			10,000,000	1
7.50NC0.99			164,870,000	20
7.50NC1.00			283,778,000	9
7.51NC1.00			14,658,000	1
8.00NC0.25	20,000,000	1	20,000,000	1
8.00NC0.50			10,000,000	1
8.00NC0.75			15,000,000	1
8.00NC0.99			19,973,000	2
8.00NC1.00			150,000,000	3
8.00NC1.50			25,000,000	1
8.00NC2.00			50,000,000	2
8.00NC2.25			15,000,000	1
8.00NC3.00			40,000,000	2
8.50NC0.25			10,000,000	1
8.50NC1.00			25,000,000	1
8.51NC0.50			10,000,000	1
8.51NC1.00			35,000,000	2
8.51NC1.50			10,000,000	1
9.00NC0.25			25,000,000	1
9.00NC0.50			20,000,000	2
9.00NC0.76			10,000,000	1
9.00NC1.00			180,640,000	6
9.00NC1.50			15,000,000	1
9.00NC2.00			25,000,000	1
9.00NC2.50			15,000,000	1
9.50NC1.00			25,000,000	1
9.98NC0.97			300,000,000	1
9.98NC0.98			900,000,000	3
10.00NC0.25			2,268,000,000	54
10.00NC0.50			710,000,000	5
10.00NC0.75			100,000,000	1
10.00NC1.00			7,481,099,000	68
10.00NC1.50			100,000,000	2
10.00NC1.75			10,000,000	1
10.00NC1.99			3,933,000	1
10.00NC2.00	4,800,000,000	3	5,940,000,000	18
10.00NC2.50			15,000,000	1
10.00NC3.00			305,000,000	12
10.00NC5.00			23,000,000	1
10.50NC0.25			50,000,000	1
10.76NC0.25			50,000,000	1
11.00NC1.00			68,674,000	5
11.99NC0.98			141,000	1
12.00NC0.25			75,000,000	3
12.00NC0.99			29,466,000	1
12.00NC1.00			358,902,000	18
12.00NC1.50			25,000,000	1
12.00NC1.76			18,000,000	1
12.00NC2.00			15,000,000	1
12.00NC3.00			50,000,000	1
12.51NC1.00			180,000,000	5
13.00NC0.99			3,342,000	1
13.00NC1.50			50,000,000	1
13.00NC2.00			35,000,000	1
14.00NC0.99			2,952,000	1
14.93NC0.16			15,000,000	1
14.99NC2.98			1,290,000	1
15.00NC0.24			250,000,000	1
15.00NC0.25			7,188,100,000	104
15.00NC0.50			110,000,000	4
15.00NC0.99			4,554,000	1
15.00NC1.00			2,906,092,000	55
15.00NC1.50			50,000,000	1
15.00NC2.00			3,095,000,000	14
15.00NC2.50			15,000,000	1
15.00NC2.99			600,000	2
15.00NC3.00			591,543,000	28
15.00NC4.00			95,000,000	4
15.00NC5.00			185,000,000	5
15.51NC0.25			15,000,000	1
16.00NC1.00			29,934,000	3
18.00NC1.00			3,416,000	1
18.53NC4.52			240,000,000	1
19.99NC0.98			741,000	1
20.00NC0.99			413,605,000	9
20.00NC1.00			360,854,000	16
20.00NC2.00			15,000,000	1
20.00NC3.00			125,000,000	1
20.00NC5.00			50,000,000	1
20.02NC2.00			20,000,000	1
20.03NC1.51			350,000,000	1
20.52NC5.51			250,000,000	2
20.52NC6.51			250,000,000	2
20.55NC10.55			250,000,000	1
20.56NC8.55			250,000,000	1
25.00NC4.99			19,082,000	3
25.00NC5.00			212,000	1
25.02NC5.00			46,099,000	7
29.99NC0.98			758,000	1
30.00NC0.99			367,998,000	27
30.02NC1.00	1,404,000,000	4	5,214,409,000	17
30.02NC5.00			150,000,000	1
Total			**$ 152,536,020,000**	**1437**

Benchmark Repo Lending Facility Auction Results

Auction Date	REPO Maturity	CUSIP	Maturity	Amount Loaned ($MM)	WAVG Yield	# of Bids
12/1/2008	12/2/2008	31359MA45	4/15/2015	$ 25,000,000.00	0.26	1
12/1/2008	12/2/2008	31359MS61	7/15/2016	77,000,000.00	0.26	1
12/1/2008	12/2/2008	31359MTG8	10/15/2013	25,000,000.00	0.26	1
12/1/2008	12/2/2008	31359MUQ4	3/16/2009	76,000,000.00	0.26	1
12/1/2008	12/2/2008	31359MW41	9/15/2016	25,000,000.00	0.26	1
12/1/2008	12/2/2008	31398AKY7	2/12/2013	115,000,000.00	0.26	1
12/1/2008	12/2/2008	31398ARH7	5/19/2011	36,000,000.00	0.26	1
12/2/2008	12/3/2008	31359MA45	4/15/2015	25,000,000.00	0.26	1
12/2/2008	12/3/2008	31359MS61	7/15/2016	90,000,000.00	0.26	1
12/2/2008	12/3/2008	31359MTG8	10/15/2013	25,000,000.00	0.26	1
12/2/2008	12/3/2008	31359MUQ4	3/16/2009	76,000,000.00	0.26	1
12/2/2008	12/3/2008	31359MW41	9/15/2016	25,000,000.00	0.26	1
12/2/2008	12/3/2008	31398AKY7	2/12/2013	75,000,000.00	0.26	1
12/3/2008	12/4/2008	31359MA45	4/15/2015	25,000,000.00	0.26	1
12/3/2008	12/4/2008	31359MS61	7/15/2016	76,000,000.00	0.26	1
12/3/2008	12/4/2008	31359MTG8	10/15/2013	25,000,000.00	0.26	1
12/3/2008	12/4/2008	31359MUQ4	3/16/2009	76,000,000.00	0.26	1
12/3/2008	12/4/2008	31398AKY7	2/12/2013	120,000,000.00	0.26	1
12/4/2008	12/5/2008	31359M2D4	12/15/2016	25,000,000.00	0.26	1
12/4/2008	12/5/2008	31359MA45	4/15/2015	25,000,000.00	0.26	1
12/4/2008	12/5/2008	31359MS61	7/15/2016	90,000,000.00	0.26	1
12/4/2008	12/5/2008	31359MTG8	10/15/2013	25,000,000.00	0.26	1
12/4/2008	12/5/2008	31359MUQ4	3/16/2009	76,000,000.00	0.26	1
12/4/2008	12/5/2008	31398AKY7	2/12/2013	120,000,000.00	0.26	1
12/4/2008	12/5/2008	31398ATL6	8/15/2011	95,000,000.00	0.26	1
12/5/2008	12/8/2008	31359MS61	7/15/2016	26,000,000.00	0.01	1
12/5/2008	12/8/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/5/2008	12/8/2008	31398AKY7	2/12/2013	35,000,000.00	0.01	1
12/5/2008	12/8/2008	31398ATL6	8/15/2011	95,000,000.00	0.01	1
12/8/2008	12/9/2008	31359MS61	7/15/2016	26,000,000.00	0.01	1
12/8/2008	12/9/2008	31359MTG8	10/15/2013	25,000,000.00	0.01	1
12/8/2008	12/9/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/9/2008	12/10/2008	31359MS61	7/15/2016	26,000,000.00	0.01	1
12/9/2008	12/10/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/10/2008	12/11/2008	31359M5H2	2/16/2012	30,000,000.00	0.01	1
12/10/2008	12/11/2008	31359MGJ6	11/15/2010	50,000,000.00	0.01	1
12/10/2008	12/11/2008	31359MS61	7/15/2016	68,000,000.00	0.01	1
12/10/2008	12/11/2008	31359MTG8	10/15/2013	25,000,000.00	0.01	1
12/10/2008	12/11/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/10/2008	12/11/2008	31398AMW9	4/9/2013	25,000,000.00	0.01	1
12/10/2008	12/11/2008	31398ATZ5	10/12/2010	150,000,000.00	0.01	1
12/11/2008	12/12/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/12/2008	12/15/2008	31359MA45	4/15/2015	25,000,000.00	0.01	1
12/12/2008	12/15/2008	31359MS61	7/15/2016	26,000,000.00	0.01	1
12/12/2008	12/15/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/15/2008	12/16/2008	31359MUQ4	3/16/2009	76,000,000.00	0.002	1
12/16/2008	12/17/2008	31359MUQ4	3/16/2009	76,000,000.00	0.002	1
12/17/2008	12/18/2008	31359MUQ4	3/16/2009	76,000,000.00	0.002	1
12/18/2008	12/19/2008	31359MUQ4	3/16/2009	76,000,000.00	0.002	1
12/19/2008	12/22/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/22/2008	12/23/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/23/2008	12/24/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/24/2008	12/29/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/29/2008	12/30/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/30/2008	12/31/2008	31359MUQ4	3/16/2009	76,000,000.00	0.01	1
12/31/2008	1/2/2009	31359MUQ4	3/16/2009	76,000,000.00	0.01	1

2008 Debt Redemptions

Callable Debt Redeemed (in billions)

January	$	44.2
February	$	25.0
March	$	14.9
April	$	15.9
May	$	14.7
June	$	8.5
July	$	6.5
August	$	11.1
September	$	14.0
October	$	6.3
November	$	6.2
December	$	12.5
TOTAL	**$**	**179.8**

Summary Breakdown of 2008 Debt Issuances

Fannie Mae Noncallable Benchmark Notes

Maturity	Dec 08 Par Amount	# Issues	YTD 2008 Par Amount	# Issues
2 Years			$24,000,000,000	6
3 Years			$11,500,000,000	3
5 Years	3,000,000,000	1	$15,000,000,000	4
10 Years				
TOTAL	**$3,000,000,000**		**$50,500,000,000**	**13**