Review of Funding Activities for 2009

December 2009

2009 was the second most active year of issuance in Benchmark Notes since the program began in 1998.

In this year-end edition of *FundingNotes*, we provide an overview of the company's funding activities, focusing on our long-term debt issuance platforms, including both the noncallable Benchmark Notes and the medium-term notes (MTNs) program through which Fannie Mae obtains callable funding. We will also review our activity in our short-term debt funding programs. With regard to both our long-term and short-term debt, Fannie Mae enjoyed strong and consistent access to the capital markets. In 2009, we issued a little over $70 billion in Benchmark Notes, a $22 billion increase in Benchmark Notes issuance over 2008, and a $38.5 billion increase over 2007. This year was the second most active year of issuance in Benchmark Notes since the program began in 1998 and notably, Fannie Mae was also able to issue one of the largest single Benchmark Notes issues in its history with a $15 billion new issue, two-year which was brought to market in February of 2009.

In addition to our active issuance of long-term debt through our Benchmark Notes program in 2009, we also experienced increased issuance of callable long-term debt through our MTN program as well. If we look at our issuance of callable MTNs in 2009, we can see that we increased our issuance of these securities from $152.2 billion in 2008 to $191.8 billion in 2009. This strong issuance of callable MTNs was driven in part by investors searching for yield pickup that agency callable debt provided over similar duration noncallable debt securities. In a low rate environment, many investors may have found investing in AAA-rated Fannie Mae callable debt an attractive way of picking up yield while still investing in a highly rated asset. In addition, heavy call activity for Fannie Mae callable debt left many investors with cash that they needed to reinvest. Fannie Mae callable debt offered an attractive reinvestment option. It is also interesting to note that although we did not issue Benchmark Notes longer than five years in 2009, we were quite active in issuing longer dated MTNs in 2009. This activity in issuing longer-dated MTNs was driven by strong investor demand for Fannie Mae's longer-dated callable securities. Fannie Mae saw particularly strong interest in longer-dated step-up securities in 2009.

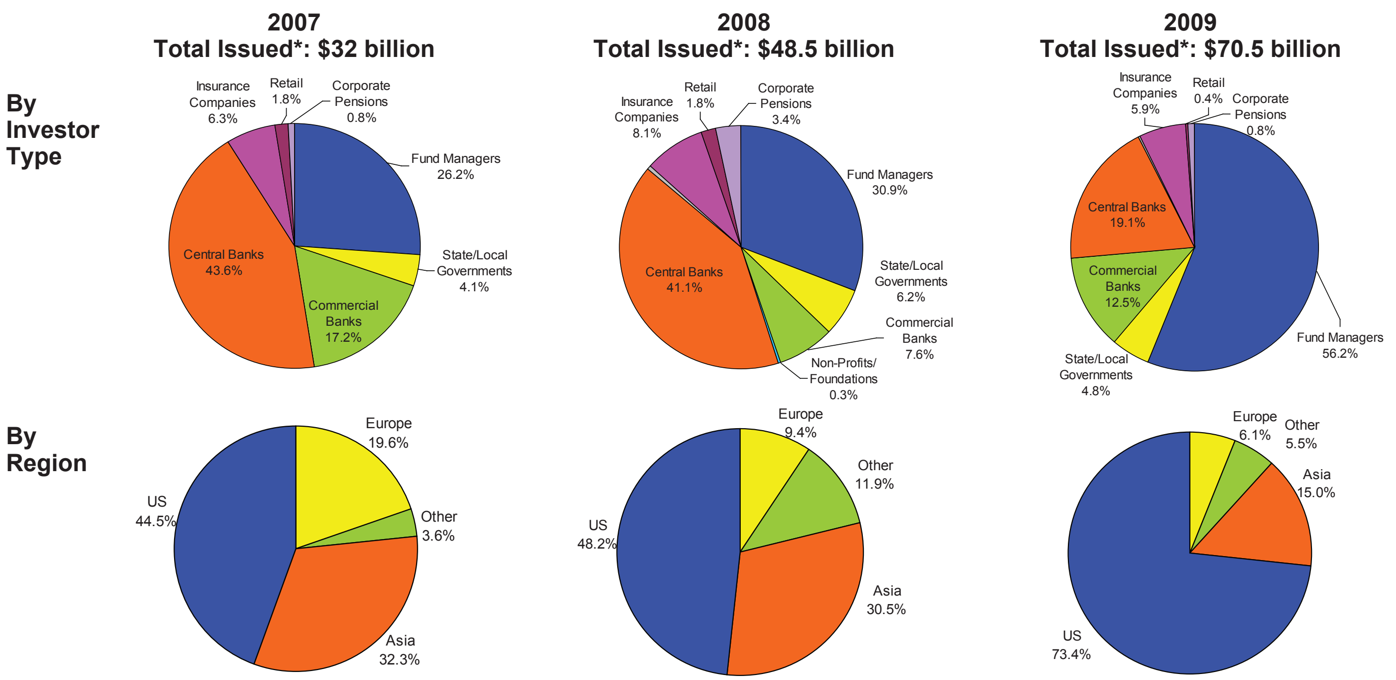
The company's improved access to the long-term debt markets in 2009 compared to late 2008 has allowed Fannie Mae to term out a portion of the short-term debt that it had previously issued and replace that short-term debt with long-term debt. As a result, our short-term debt decreased from $332.5 billion outstanding as of the end of 2008, to $240.8 billion as of September 30, 2009.

Benchmark Notes Issuance in 2009

In 2009, Fannie Mae generally experienced robust demand for its Benchmark Notes. Strong domestic investor interest in Fannie Mae's debt securities helped to allow Fannie Mae to issue significant amounts of debt into the fixed-income markets through the Benchmark Notes platform. In contrast to the previous year, in 2009, the Benchmark Notes Calendar was structured so that every other month Fannie Mae had two Benchmark Notes announcement dates, instead of the customary single announcement date each month. The increased number of announcement dates provided Fannie Mae with more opportunities to issue its Benchmark Notes when investor demand was strong. For example, in three months in 2009 (February, April, and October), Fannie Mae came to market with new Benchmark Notes issues on both of the available announcement dates. Of particular note, in February 2009, Fannie Mae was able to come to market with a $15 billion new issue two-year and a new issue five-year for $7 billion. Having the available calendar dates to issue $22 billion in new issue Benchmark Notes over a relatively short period of time gave Fannie Mae the ability to satisfy strong investor demand in a timely and efficient manner. Of the 18 total announcement dates that Fannie Mae had available in 2009, we came to market with new issues on 12 of these announcement dates. Of the 12 dates that were used, we issued four new issue two-year Benchmark Notes; three new issue three-year Benchmark Notes; and five new five-year Benchmark Notes. The Benchmark Calendar for 2010 will function in much the same manner as 2009 with Fannie Mae having one predefined announcement date during the months of January, March, May, July, September, November, and December, and two predefined announcement dates during the months of February, April, June, August, and October. Due to the lower investor demand and the higher relative cost of funding associated with issuing new ten-year Benchmark Notes, we chose not to issue ten-year Benchmark Notes in 2009.

While Fannie Mae experienced strong investor demand for its Benchmark Notes in 2009, the composition of its investor base changed in 2009 as compared to the recent past. As can be seen in **Figure 1**, the percentage of domestic investors that purchased Fannie Mae Benchmark Notes increased from 48.2 percent in 2008 to 73.4 percent in 2009. This coincided with a decrease in central bank activity, which decreased from 41.1 percent in 2008 to 19.1 percent in 2009. Although the percentage amount of Benchmark Notes purchased by central banks declined by half in 2009, the 19.1 percentage distribution by central banks in our Benchmark Notes in 2009 is in close proximity to 21.9 percent of central bank activity

Recent Distribution of Fannie Mae Noncallable Benchmark Notes



The total issued amounts do not include the reopening of Benchmark Notes via Dutch auction, which totaled $5 billion in 2007, $2 billion in 2008, and $5 billion in 2009.

Figure 1

on an aggregate level since the program's inception in 1998. While international investors, particularly central banks, decreased their participation in Fannie Mae Benchmark Notes in 2009, domestic money managers have more than compensated for any drop in participation by other investor segments. Money managers as an investor segment purchased about $40 billion in Benchmark Notes in 2009, with the large proportion of those money managers being domestic money managers. The Federal Reserve's agency debt purchase program has also added to investor demand and has been instrumental in contributing to the health of the agency debt market.

During the course of 2009, our five-year Benchmark Notes performed very well on a spread to LIBOR basis. The five-year Benchmark Notes improved from LIBOR + 21 basis points at the beginning of the year, to finish at LIBOR – 9 basis points (as of December 31), an improvement of 30 basis points **(Figure 2)**. While there was some volatility in spreads over the course of the year, the relative improvement trended consistently over the course of the year.

Benchmark Notes Issuance Mechanics

For 2010, Fannie Mae was again able to commit to a Benchmark Securities Calendar with predefined announcement dates. Fannie Mae will announce on each predefined announcement date whether it will come to market with a Benchmark Notes transaction. As in the past, transactions are announced through each transaction's dealer group and via press release on news wires and the company's web site. At the time of the announcement, Fannie Mae indicates whether it will issue new Benchmark Notes or reopen previously issued Benchmark Notes, and the maturity of the issue.

On the announcement date, Fannie Mae provides market participants with a list of the members of the dealer syndicate and an indication of the deal size. Fannie Mae is generally expected to price within a few business days of the announcement. Pricing is generally executed in the morning and the Notes are free to trade within ten minutes of pricing. Fannie Mae strives to maintain robust and active funding programs, and in 2010, Fannie Mae will have a sizable amount of Benchmark Notes maturing and will most likely replace much of the debt that rolls off. As can be seen from **Figure 3**, $61.6 billion of Benchmark Notes will be maturing in 2010 and $66.3 billion will be maturing in 2011. In addition to the Benchmark Notes maturing in 2010 and 2011, Fannie Mae also will have $44.6 billion in MTNs that will be maturing in 2010, which should contribute to Fannie Mae's need to issue debt and remain active in the term debt markets on a fairly consistent basis.

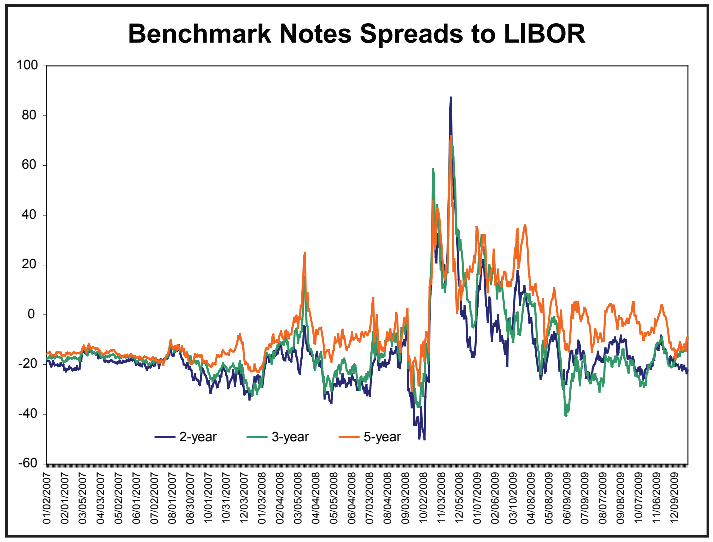


Figure 2

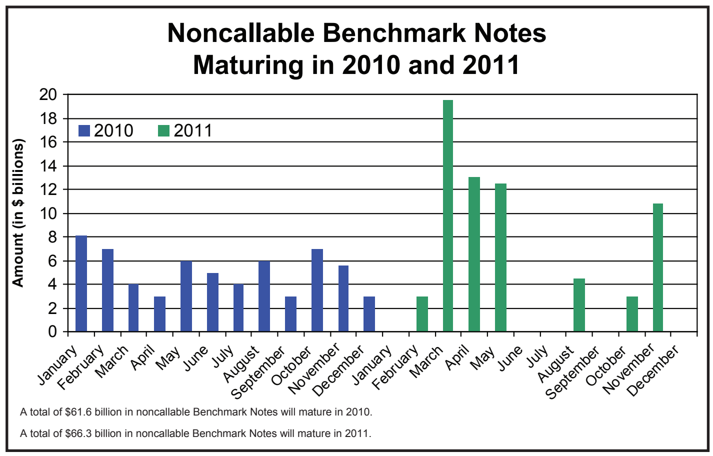


Figure 3

Medium-Term Notes

Callable Medium-Term Notes

In 2009, the callable MTN program continued to play a major role as an important funding source for Fannie Mae's mortgage portfolio and hedging tool for the inherent interest rate risk with managing a large mortgage portfolio. In 2009, we issued a total of approximately $191.8 billion in callable MTNs, which marks it as one of the highest volume issuance years Fannie Mae has experienced over the past five years. With such a significant amount of callable MTNs issued during this period of time, Fannie Mae was able to redeem maturing debt and fund more expensive outstanding long-term debt at lower levels. Fannie Mae's total callable MTN issuance in 2009 increased approximately over 25 percent from that issued in 2008.

Among the callable MTNs issued in 2009, we have identified a few noteworthy trends:

Increased Issuance of Step-Ups and Floating-to-Fixed Notes

Fannie Mae significantly increased the issuance of step-up securities in 2009, which is illustrated in **Figure 4**. Callable step-up notes are securities with a coupon that increases to a specific rate on one or more predetermined dates over the life of the security. Whether or not an investor seeks to purchase a callable step-up note may depend, to an extent, upon their outlook on the future direction of long-term rates. Of the total callable MTN issuance, the proportion of step-up notes issuance increased from two percent in 2007 to over 18 percent in 2009. The top three most popular structures were: 1) 15-year noncall 6-months; 2) 5-year noncall 6-months; and 3) 10-year noncall 6-months. Step-up securities in 2009 with a maturity of 15 years represented a quarter of the total step-ups issued. December was also the largest month of step-up issuance in 2009, representing close to 20 percent of total step-up issuance for 2009. In addition, three quarters of the step-ups issued had a Bermudan call option. As the market experienced a low interest rate environment throughout 2009, many investors believe rates will be more likely to increase in 2010 and beyond. As a result, investors sought backend protection with the potential for an increase in coupon available in callable step-ups.

In addition, we saw an increase in issuance of floating-to-fixed rate callable MTNs. These securities represented close to zero percent of MTN issuance in 2007 as compared to close to two percent in 2009. A floating-to-fixed callable MTN normally has a coupon that pays a floating rate for a specified period of time based on a margin to an index on a predetermined schedule, and then adjusts to a fixed-rate coupon determined at pricing after the call date expires. Investors purchasing a floating-to-fixed callable MTN have the potential to increase their income and reduce exposure to interest rate risk since the floating rate component of the security provides investors with a natural hedge against interest rate increases.

With the previously mentioned low rate environment experienced in 2009, investors preferred to have the opportunity to potentially receive a higher coupon if rates increase in future years.

Callable Issuance by Structure

	2007	2008	2009
Fixed	91.63%	89.29%	76.77%
Step-Ups	2.02%	6.30%	18.07%
Zero Coupon	0.62%	3.57%	3.16%
Floating to Fixed	0.09%	0.38%	1.70%
Range Accrual	5.50%	0.28%	0.04%
Dual Index	0.14%	0.18%	-
Floating	-	-	0.27%
Total Callables Issued ($ billions)	$ 144.5	$ 152.2	$ 191.8

Figure 4

Callable MTN Issues Greater Than $1 Billion

Fannie Mae attempts to be flexible in issuing MTN structures that are responsive to investor needs. Often, investors who conduct interest in specific callable structures typically conduct discussions with dealers as to their coupon target, maturity, call lockout and call feature parameters. Sometimes a reverse inquiry transaction is driven by a single investor which is reflected by the dealer directly to Fannie Mae. Alternatively, the transaction is structured for a larger size than any single investor's interest because the dealer believes a larger amount of demand for that structure exists. Callable MTNs are index-eligible for Barclays Capital U.S. Aggregate Index or Citigroup Government Index when the minimum issue size is $250 million. Certain types of investors may only participate in a percentage of a large-sized or index eligible callable MTN due to their investment guidelines and liquidity concerns.

Through December 31, 2009, the number of larger-sized callable MTNs with issued sizes over $1 billion has increased from 30 issues in 2007 and 31 issues in 2008 to 54 issues in 2009, as illustrated in **Figure 5**. In terms of dollar amounts, we issued approximately $32 billion in 2007; $44 billion in 2008; and $76 billion in 2009. The amount of $1 billion plus size callables issued in 2009 was more than double the amount issued in 2007. In terms of percentage of the total callables MTNs issued, the callable issuance with sizes greater than $1 billion represented about 22 percent of total callable issuance in 2007; 29 percent in 2008; and slightly over 40 percent in 2009.

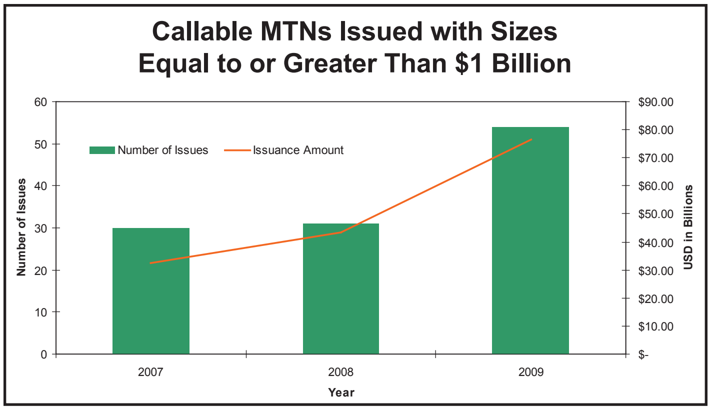


Figure 5

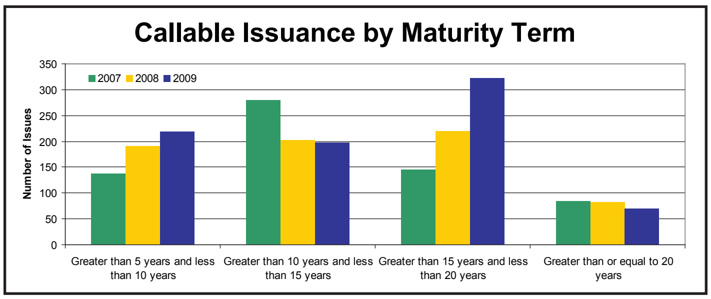


Figure 6

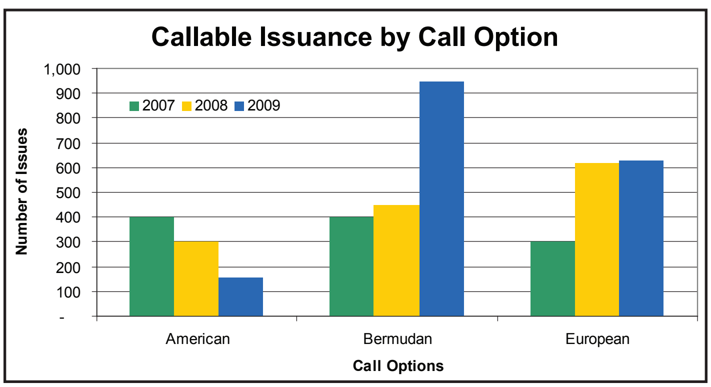


Figure 7

Longer-Dated Callable MTN Issuance

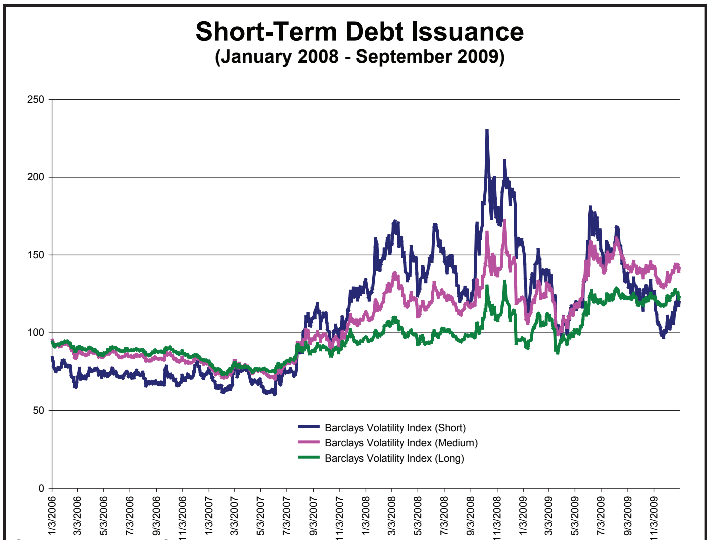
Another noteworthy trend experienced in 2009 was an increase in longer-dated callable MTN issuance as depicted in **Figure 6**. In 2009, Fannie Mae had nearly 400 issues of callable MTNs in maturities greater than 15 years, an increase of approximately 30 percent compared to 2008. Specifically, the number of callable issues with maturities greater than or equal to 15 years and less than 20 years experienced a 45 percent increase from 2008 while those issues with maturities greater than five years and less than 10 years increased less than 15 percent. In this low interest rate environment, as investors seek high quality fixed-income products that potentially offer higher yields, they are compensated for taking on the risk in investing in Fannie Mae's longer-maturity callable MTNs.

Type of Call Options

In addition to the maturities noted above, the most prevalent call option for callable MTNs issued through November of this year was the Bermudan call option. The increase in the number of callable securities issued with Bermudan options almost doubled from the callables issued in 2008 and was triple that issued in 2007, a trend illustrated in **Figure 7**, which displays the number of issues in the three different types of major call options from 2007 to 2009. Investors may have preferred the Bermudan call option due to its higher yield over the European call option and its more predictable cashflows when compared to the American call option. The number of callable MTNs issued with the American call option experienced a slight decrease when compared to callable MTN issuance in 2008.

The Bermudan call option allows Fannie Mae to repurchase the bond on specified dates that typically coincide with coupon dates after the lockout period expires. This type of option is slightly more restrictive than the American option and would offer a lower coupon than an American option because investors benefit from the increased predictability of cash flows for a security with a Bermudan call option.

In 2009, investors may have also expressed their views on volatility by investing in Bermudan-style, longer-dated maturity callable MTNs. As call options have exposure to movements in volatility, when investors purchase callable MTNs, they are selling volatility and expect volatility to decline in the future. Volatility remained relatively high throughout 2009, as illustrated in **Figure 8** which depicts short-, intermediate-, and long-dated swaption volatility from 2007 through December 31, 2009. However, a slight decreasing trend can be observed in the latter part of 2009. For instance, if the Fed's actions lead to a range-bound environment in rates in 2010, volatility would most likely continue to decline. If rates remain constant or increase, volatility tends to decline, whereby callable MTNs would have the potential to outperform the return on a comparable duration Treasury security.



Source: Barclays Capital

Figure 8

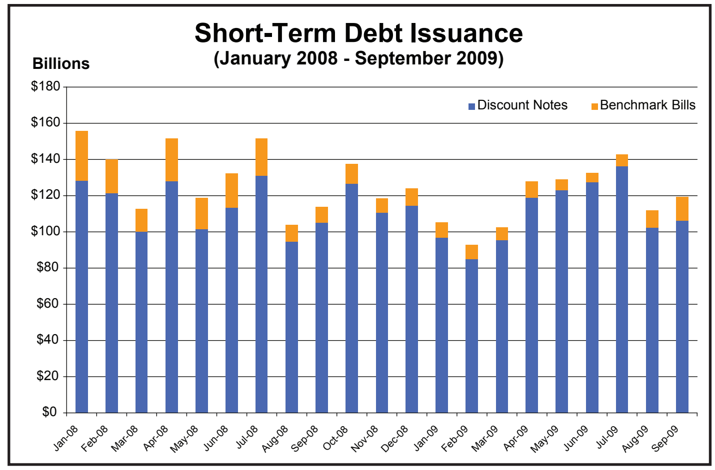
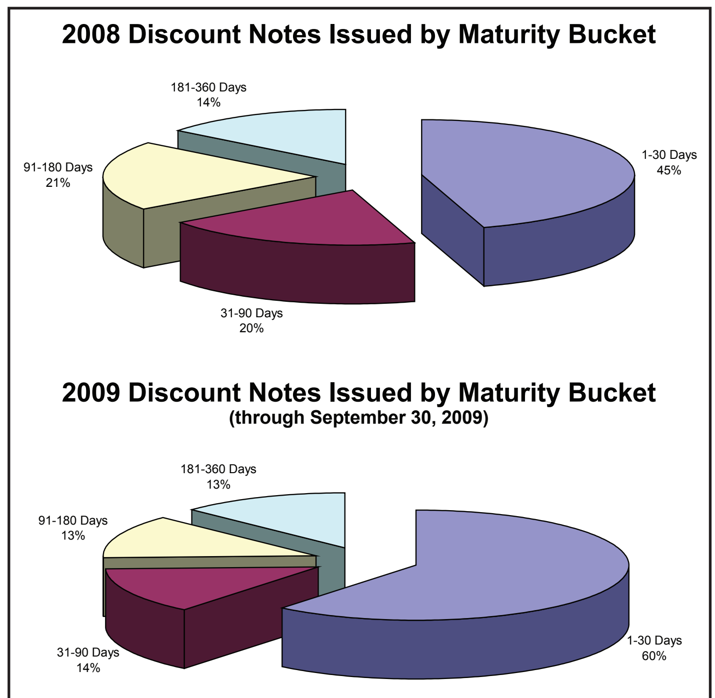


Figure 9



* *Includes Benchmark Bills and excludes Federal Funds purchased or securities sold under agreements to repurchase.*

Figure 10

Short-Term Debt Issuance

Fannie Mae continued to be active in issuing short-term debt in 2009 and generally experienced strong market demand for its short-term debt securities, particularly among domestic money funds. However, as discussed previously, in 2009, Fannie Mae was able to access the long-term debt markets at more optimal levels in 2009 compared to 2008, and, as a result of this access extended its debt profile. Fannie Mae's stronger access to the long-term debt markets in 2009 allowed Fannie Mae to decrease its percentage of short-term debt outstanding to total debt outstanding from 38 percent as of December 31, 2008, to 30 percent as of September 30, 2009. By reducing the company's reliance on short-term debt, Fannie Mae was able to decrease its rollover risk.

In 2009, Fannie Mae continually issued short-term debt to match our increased funding of dollar rolls and increased call activity in our callable MTN program. It is interesting to note that while the amount of Discount Notes issued has fluctuated on a year-to-year and on a month-to-month basis, we have maintained our commitment to the Benchmark Bills program. We have conducted a Benchmark Bills auction on each of our scheduled auction dates since January 2008. In 2009, Fannie Mae only issued Benchmark Bills with three- and six-month maturities. Fannie Mae last issued Benchmark Bills with a one-year maturity in August 2008.

In 2009, Fannie Mae's issuance of short-term debt was heavily skewed towards shorter-maturity Discount Notes (shorter-maturity here is defined as 1 to 30 days). As **Figure 10** illustrates, this bucket of shorter-maturity Discount Notes issued increased from 45 percent of total Discount Notes issued in 2008 to 60 percent through September 30, 2009. In addition to the 60 percent of shorter-maturity Discount Notes issued through September 30, 2009, the maturity distribution of the Discount Notes issued through September 2009 was fairly evenly split between 31-90 days (14%), 90-180 days (13%) and 181-360 days (13%).

Amended Senior Preferred Purchase Stock Agreement

On December 24, 2009, Treasury and the Federal Housing Finance Agency (FHFA), acting on our behalf in its capacity as our conservator, entered into a second amendment to the amended and restated Senior Preferred Stock Purchase Agreement between Fannie Mae and Treasury. Treasury's maximum funding commitment to us under the agreement was increased from $200 billion to the greater of (a) $200 billion or (b) $200 billion plus the cumulative amount of our net worth deficit (the amount by which our total liabilities exceed our total assets) as of the end of any and each calendar quarter in 2010, 2011 and 2012, less any positive net worth as of December 31, 2012.

The agreement continues to provide that the maximum allowable amount of mortgage assets we may own on December 31, 2009 is $900 billion. However, the covenant requiring us to reduce our mortgage assets was revised to be based on the maximum amount that we may own on this date rather than the actual amount of our mortgage assets. As revised, beginning on December 31, 2010 and each year thereafter, we are required to reduce our mortgage assets to 90 percent of the maximum allowable amount that we were permitted to own as of December 31 of the immediately preceding calendar year, until the amount of our mortgage assets reaches $250 billion. Accordingly, the maximum allowable amount of mortgage assets we may own on December 31, 2010 is $810 billion.

Our amount of debt outstanding remains at 120 percent of the maximum allowable amount of the portfolio in the previous year.

Conclusion

In 2009, Fannie Mae enjoyed strong and consistent access to the debt markets, and was able to achieve efficient funding though its Benchmark Notes, MTN, and Short-Term Debt issuance programs. Fannie Mae issued over $70 billion in Benchmark Notes in 2009, with particularly strong participation by domestic money managers. Benchmark Notes issuance in 2009 represented a $22 billion increase over the previous year and was the second most active issuance year since inception of Benchmark Notes in 1998. While Fannie Mae was able to issue large amounts of debt through its Benchmark Notes program, at the same time the Benchmark Notes continued to perform well on a spread to LIBOR basis throughout the course of the year, particularly in the five-year sector. This strong performance of Fannie Mae Benchmark Notes was attributable in large part to the Federal Reserve Agency debt purchase program. Fannie Mae also published a 2010 Benchmark Notes calendar, which utilizes predefined dates on which to announce the issuance of Benchmark Notes.

In addition to having a strong Benchmark Notes program, Fannie Mae has also maintained a robust MTN issuance program during 2009. A notable trend in Fannie Mae's issuance of MTNs is that we issued a historically greater volume of large-sized (over $1 billion) callable transactions, which have the ability to be posted on Trade Web and often experience greater liquidity than smaller-sized MTN issues. We also saw an increase of longer-dated MTN securities, as well as an increase in the number of step-up securities we issued. It is also important to note that our strong access to the longer term debt program in 2009 allowed us to decrease the amount of short-term debt that we had outstanding, thereby reducing our rollover risk.

FannieMae®

FUNDINGNOTES®

For Fannie Mae's Investors and Dealers

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

John The Losen
Vice President and Editor

Gregorio Druehl
Director
(202) 752-5659

Christian Allen
Financial Analyst
(202) 752-7998

Helen McNally
Senior Product Manager
(202) 752-7704

Alice Yang
Senior Product Manager
(202) 752-1035

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

Fannie Mae Funding Liabilities and Debt Outstanding 2006 through November 30, 2009

Funding Liabilities and Debt Outstanding (in millions)		12/31/06		12/31/07		12/31/08		11/30/09
Federal Fund Borrowings	$	700	$	-	$	-	$	-
Other Short Term Funding Liabilities[1]		-		869		77		79
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**$**	**700**	**$**	**869**	**$**	**77**	**$**	**79**
Average maturity (in days)		1		1		-		10
Discount Notes[12]	$	83,893	$	155,358	$	272,476	$	191,479
FX Discount Notes		1,917		859		402		367
Other Short Term Debt[2]		5,613		50		7,661		50
Total Short Term Debt[3]	**$**	**167,923**	**$**	**236,267**	**$**	**332,542**	**$**	**191,896**
Average maturity (in days)		81		74		102		76
Benchmark Notes & Bonds[4]	$	277,706	$	256,823	$	251,315	$	281,246
Callable Benchmark Notes[4]		-		-		-		-
Subordinated Benchmark Notes		11,000		9,000		7,398		7,398
Callable Fixed Rate MTNs[5,6]		192,374		207,504		190,950		205,488
Noncallable Fixed Rate MTNs[5,6]		114,242		77,331		50,131		45,701
Callable Floating Rate MTNs[5,6]		831		8,135		1,530		4,146
Noncallable Floating Rate MTNs[5,6]		5,470		5,761		45,470		43,014
Other LongTerm Debt[7]		4,138		4,580		3,763		3,394
Total Long Term Debt[8,9]	**$**	**605,761**	**$**	**569,134**	**$**	**550,557**	**$**	**590,387**
Average maturity (in months)		57		68		66		60
Agreements to Repurchase and Debt Outstanding	**$**	**774,384**	**$**	**806,270**	**$**	**883,176**	**$**	**782,362**
Average maturity (in months)		45		48		42		46

Fannie Mae Funding Liabilities and Debt Issuance 2006 through November 30, 2009

Funding Liabilities and Debt Issuance (in millions)		2006		2007		2008		2009
Federal Fund Borrowings	$	58,186	$	13,065	$	5,617	$	1,000
Other Short Term Funding Liabilities[1]		172,493		25,324		60,888		5,130
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**$**	**230,679**	**$**	**38,389**	**$**	**66,505**	**$**	**6,130**
Discount Notes[12]	$	2,030,188	$	1,499,540	$	1,547,462	$	1,253,170
FX Discount Notes		6,379		2,291		2,583		1,021
Other Short Term Debt[10]		4,863		86,777		8,661		50
Total Short Term Debt[3]	**$**	**2,041,430**	**$**	**1,588,608**	**$**	**1,558,706**	**$**	**1,254,241**
Benchmark Notes & Bonds	$	42,000	$	37,000	$	50,500	$	70,500
Callable Benchmark Notes		-		-		-		-
Subordinated Benchmark Notes		-		-		-		-
Callable Fixed Rate MTNs[6]		113,716		135,886		150,255		170,169
Noncallable Fixed Rate MTNs[6]		20,898		8,438		4,336		4,517
Callable Floating Rate MTNs[6]		2,700		8,275		1,280		3,846
Noncallable Floating Rate MTNs[6]		2,000		4,176		41,284		23,180
Other LongTerm Debt[11]		0		138		743		239
Total Long Term Debt[8]	**$**	**181,314**	**$**	**193,913**	**$**	**248,399**	**$**	**272,451**
Total Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Debt Issued	**$**	**2,453,423**	**$**	**1,820,910**	**$**	**1,873,610**	**$**	**1,532,822**
Net Issuance Long Term Debt[11]	**$**	**12,058**	**$**	**(39,201)**	**$**	**(18,363)**	**$**	**39,661**

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 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 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 months beginning Oct 2007 and thereafter Other Long Term Debt consists of long term foreign currency debt, investment agreements, and other long term securities. For 2006 Other Long Term Debt consists of long term foreign currency debt and other long term securities.

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 $11 billion at December 31, 2006, $10.8 billion at December 31, 2007, $14.8 billion at December 31, 2008 and $15.5 billion at November 30, 2009.

10 For 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 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.

12 Prior period amounts have been collapsed to conform to the current period presentation.

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

	November % of BIG	November Total ROR	Last 3 mos Total ROR	Last 6 mos Total ROR	YTD Total ROR	Last 12 mos Total Return
Citigroup Fannie Mae Index:	2.78	0.94	1.86	3.14	2.55	6.84
1-10 Years	2.56	0.96	1.81	2.86	3.43	6.82
10+ Years	0.21	0.71	2.35	6.58	-5.90	6.56
Callable	0.70	0.45	1.04	2.18	2.44	4.93
Noncallable	2.08	1.11	2.12	3.44	2.65	7.21
Globals*	2.62	0.93	1.92	3.35	2.63	7.01
Agency:	7.2	1.01	1.89	3.26	2.29	6.74
Callable	1.26	0.41	0.97	2.04	2.65	4.74
Noncallable	5.95	1.13	2.08	3.50	2.31	6.99
Globals	6.16	0.98	1.93	3.38	2.78	7.19
Citigroup Index:**	100.00	1.34	2.84	6.05	6.89	10.59
U.S. Treasury	28.11	1.39	2.08	3.21	-1.15	2.23
GSE***	8.26	1.04	1.94	3.39	2.57	6.78
Credit	24.73	1.38	3.86	12.59	17.42	25.08
MBS	38.57	1.35	2.92	4.62	7.34	9.18
ABS	0.31	1.11	3.87	9.65	28.52	30.97

	November % of Agg	November 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:	2.76	0.95	1.81	3.17	2.72	6.38
1-10 Years	2.50	0.95	1.77	2.78	3.41	6.33
10+ Years	0.26	0.98	2.21	6.85	-2.47	6.55
Callable	0.90	0.64	1.52	2.55	3.04	4.81
Noncallable	1.86	1.10	1.95	3.45	2.57	7.10
Globals	1.98	1.00	1.86	3.15	2.56	6.68
Agency:	9.07	0.95	1.82	3.06	2.80	6.49
Callable	2.04	0.60	1.46	2.45	3.12	4.62
Noncallable	7.03	1.06	1.93	3.23	2.70	7.09
Globals****	6.38	0.96	1.78	2.93	2.72	6.77
Barclays Aggregate Index:	100.00	1.29	2.86	6.21	7.61	11.63
U.S. Treasury	27.09	1.39	2.13	3.25	-0.98	2.37
Government-Related***	13.35	1.17	2.25	4.35	4.01	7.85
Corporate	18.85	1.43	3.96	13.45	19.62	27.75
MBS	37.14	1.28	2.83	4.49	7.40	9.19
ABS	0.37	0.26	3.32	8.64	24.82	24.09
CMBS	3.20	0.51	5.12	16.64	28.01	49.74

* 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 2009 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)	*November 2009 Par Amount (in thousands)*	*# Issues*	*YTD 2009 Par Amount (in thousands)*	*# Issues*
1.49 NC 0.25			1,435,000,000	11
1.99 NC 0.99			50,000,000	2
2.00 NC 0.24			250,000,000	1
2.00 NC 0.25			6,390,000,000	28
2.00 NC 0.42			800,000,000	6
2.00 NC 0.50	325,000,000	8	2,190,000,000	35
2.00 NC 0.75			25,000,000	1
2.00 NC 1.00	25,000,000	1	28,710,000,000	86
2.01 NC 1.01			1,000,000,000	1
2.02 NC 1.02			80,000,000	4
2.05 NC 1.05			150,000,000	4
2.06 NC 1.06			2,000,000,000	1
2.08 NC 1.08			1,000,000,000	1
2.17 NC 1.00			75,000,000	3
2.17 NC 1.17			10,000,000	1
2.25 NC 0.25			275,000,000	2
2.25 NC 0.50	100,000,000	2	285,000,000	6
2.25 NC 0.75	25,000,000	1	50,000,000	2
2.25 NC 0.76			25,000,000	1
2.25 NC 1.00			630,000,000	18
2.34 NC 1.17			20,000,000	1
2.42 NC 0.42			25,000,000	2
2.49 NC 0.25			95,000,000	2
2.49 NC 0.50			195,000,000	2
2.49 NC 1.00			395,000,000	13
2.50 NC 0.25			325,000,000	6
2.50 NC 0.50	225,000,000	3	2,225,000,000	17
2.50 NC 0.75			55,000,000	2
2.50 NC 1.00			2,455,000,000	63
2.74 NC 0.74	25,000,000	1	25,000,000	1
2.75 NC 0.25			175,000,000	2
2.75 NC 0.75			195,000,000	5
2.75 NC 1.00			1,070,000,000	37
2.75 NC 1.75			25,000,000	2
2.83 NC 0.83			65,000,000	1
3.00 NC 0.24			856,000,000	24
3.00 NC 0.25			1,285,000,000	30
3.00 NC 0.50	400,000,000	3	4,066,500,000	34
3.00 NC 0.51			400,000,000	2
3.00 NC 0.75			45,000,000	2
3.00 NC 1.00			21,031,000,000	99
3.00 NC 1.49			85,000,000	1
3.00 NC 1.50			375,000,000	8
3.00 NC 2.00			760,000,000	18
3.01 NC 1.01			125,000,000	2
3.02 NC 0.52			100,000,000	1
3.17 NC 1.00			50,000,000	2
3.17 NC 1.17			20,000,000	2
3.25 NC 0.50			100,000,000	2
3.25 NC 1.00			125,000,000	5
3.25 NC 1.25	50,000,000	1	125,000,000	4
3.41 NC 1.41			15,000,000	1
3.42 NC 0.25			10,000,000	1
3.50 NC 0.24			250,000,000	1
3.50 NC 0.25			569,800,000	17
3.50 NC 0.50	525,000,000	3	1,090,000,000	14
3.50 NC 0.74			300,000,000	2
3.50 NC 1.00			1,965,000,000	43
3.50 NC 1.25			10,000,000	1
3.50 NC 1.49			75,000,000	2
3.50 NC 1.50			285,000,000	9
3.50 NC 2.00			205,000,000	9
3.51 NC 1.00			110,000,000	3
3.59 NC 0.25			10,000,000	1
3.74 NC 0.49	150,000,000	5	150,000,000	5
3.74 NC 0.74	50,000,000	2	50,000,000	2
3.75 NC 0.24			25,000,000	1
3.75 NC 0.75	10,000,000	1	60,000,000	3
3.75 NC 1.00			25,000,000	1
3.76 NC 0.76			100,000,000	4
3.84 NC 0.84			10,000,000	1
3.92 NC 0.91			25,000,000	1
4.00 NC 0.24			280,000,000	3
4.00 NC 0.25			40,000,000	2
4.00 NC 0.50	250,000,000		460,000,000	7
4.00 NC 0.75	60,000,000	2	60,000,000	2
4.00 NC 1.00	75,000,000	1	665,000,000	17
4.00 NC 2.00			20,000,000	1
4.08 NC 1.08			10,000,000	1
4.50 NC 0.24			250,000,000	1
4.50 NC 0.25			275,000,000	3
4.50 NC 0.50	50,000,000	1	50,000,000	1
4.50 NC 1.00			200,000,000	9
4.50 NC 1.50			25,000,000	2
4.58 NC 1.08			15,000,000	1
4.75 NC 0.25			10,000,000	1
4.75 NC 0.50			50,000,000	2
4.98 NC 0.98	30,000,000	1	30,000,000	1
4.99 NC 0.50			25,000,000	1
4.99 NC 0.99	100,000,000	1	100,000,000	1
4.99 NC 2.50	25,000,000	1	25,000,000	1
5.00 NC 0.24			530,000,000	19
5.00 NC 0.25			3,550,000,000	83
5.00 NC 0.50	1,325,000,000	31	4,320,000,000	112
5.00 NC 0.66	10,000,000	1	10,000,000	1
5.00 NC 1.00	1,625,000,000	12	21,145,000,000	129
5.00 NC 1.25			40,000,000	2
5.00 NC 1.50			40,000,000	2
5.00 NC 2.00	255,000,000	7	5,805,000,000	94
5.00 NC 2.50			310,000,000	14
5.00 NC 2.75			15,000,000	1

Fannie Mae Fixed-Rate Callable Debt

Maturity/Call (Year)	*November 2009 Par Amount (in thousands)*	*# Issues*	*YTD 2009 Par Amount (in thousands)*	*# Issues*
5.00 NC 3.00			275,000,000	11
5.02 NC 1.51			40,000,000	1
5.25 NC 2.00			25,000,000	1
5.25 NC 2.25			15,000,000	1
5.49 NC 0.25			10,000,000	1
5.49 NC 0.50	190,000,000	5	190,000,000	5
5.49 NC 1.00			35,000,000	2
5.49 NC 2.00			25,000,000	1
5.50 NC 0.25			310,000,000	12
5.50 NC 0.50			190,000,000	8
5.50 NC 1.00			85,000,000	3
5.50 NC 1.50			20,000,000	2
5.50 NC 2.00			65,000,000	3
5.59 NC 0.25			10,000,000	1
5.67 NC 0.50			20,000,000	1
5.75 NC 2.00			15,000,000	1
6.00 NC 0.24			105,000,000	2
6.00 NC 0.25			200,000,000	4
6.00 NC 0.50	85,000,000	4	165,000,000	6
6.00 NC 1.00	50,000,000	2	420,000,000	16
6.00 NC 2.00	25,000,000	1	140,000,000	6
6.00 NC 3.00			25,000,000	1
6.25 NC 0.50			15,000,000	1
6.25 NC 2.25	25,000,000	1	25,000,000	1
6.33 NC 2.33			15,000,000	1
6.42 NC 1.42			30,000,000	3
6.49 NC 0.24			10,000,000	1
6.50 NC 0.25			10,000,000	1
6.50 NC 1.00			15,000,000	1
6.50 NC 2.00			20,000,000	2
6.50 NC 2.50			10,000,000	1
6.67 NC 0.25			10,000,000	1
6.75 NC 1.75			15,000,000	1
7.00 NC 0.24			35,000,000	3
7.00 NC 0.25			525,000,000	21
7.00 NC 0.50	200,000,000	8	505,000,000	18
7.00 NC 0.99	275,000,000	1	275,000,000	1
7.00 NC 1.00	75,000,000	1	4,985,000,000	21
7.00 NC 1.50			50,000,000	2
7.00 NC 2.00			245,000,000	13
7.00 NC 2.50	25,000,000	1	25,000,000	1
7.00 NC 3.00			25,000,000	1
7.01 NC 3.01			500,000,000	1
7.25 NC 2.25			20,000,000	2
7.50 NC 0.25			235,000,000	14
7.50 NC 0.50	55,000,000	2	95,000,000	4
7.50 NC 1.00	25,000,000	1	25,000,000	1
7.50 NC 1.50			40,000,000	4
7.50 NC 2.00			10,000,000	1
7.50 NC 2.25			20,000,000	2
7.52 NC 2.01			20,000,000	2
7.75 NC 2.00			20,000,000	2
7.84 NC 1.59			10,000,000	1
8.00 NC 0.24			10,000,000	1
8.00 NC 0.25			60,000,000	3
8.00 NC 0.50	138,000,000	5	443,000,000	18
8.00 NC 1.00	50,000,000	2	100,000,000	4
8.03 NC 0.53	40,000,000	1	40,000,000	1
8.42 NC 0.25			10,000,000	1
8.50 NC 1.00			10,000,000	1
8.50 NC 1.49			25,000,000	2
9.00 NC 0.25			20,000,000	2
9.00 NC 0.50			60,000,000	3
9.00 NC 1.00			20,000,000	2
9.00 NC 2.50			25,000,000	1
10.00 NC 0.24			100,000,000	7
10.00 NC 0.25			2,915,000,000	70
10.00 NC 0.50	490,000,000	21	1,730,000,000	67
10.00 NC 1.00	440,000,000	5	2,156,000,000	47
10.00 NC 2.00			35,000,000	3
10.00 NC 2.50			15,000,000	1
10.00 NC 3.00	450,000,000	1	475,000,000	2
10.00 NC 4.00			55,000,000	2
11.00 NC 1.00			40,000,000	2
12.00 NC 0.24			25,000,000	1
12.00 NC 0.25			90,000,000	4
12.00 NC 0.50	55,000,000		435,000,000	21
12.00 NC 1.00			100,000,000	4
13.00 NC 0.25			51,000,000	2
13.00 NC 0.50			10,000,000	1
13.00 NC 1.00			25,000,000	1
13.50 NC 0.50			15,000,000	1
14.00 NC 0.50	15,515,000	1	26,215,000	2
15.00 NC 0.24			1,271,000,000	29
15.00 NC 0.25			6,597,500,000	170
15.00 NC 0.50	1,400,000,000	60	6,755,000,000	216
15.00 NC 0.75			20,000,000	1
15.00 NC 1.00	200,000,000	5	4,096,000,000	71
15.00 NC 2.00			250,000,000	1
15.00 NC 3.00			50,000,000	1
15.00 NC 4.00			65,000,000	2
15.00 NC 5.00			90,000,000	2
15.01 NC 0.25			20,000,000	1
15.03 NC 0.28			40,000,000	1
20.00 NC 1.00	390,000,000	12	2,252,075,000	66
20.01 NC 1.00	15,000,000	1	15,000,000	1
25.00 NC 1.00			140,000,000	8
30.00 NC 1.00			6,988,010,000	33
TOTAL			**$174,014,100,000**	**2,340**

2009 Debt Redemptions

Callable Debt Redeemed (in billions)

January	$	13.3
February	$	18.7
March	$	12.5
April	$	38.1
May	$	22.2
June	$	15.3
July	$	5.5
August	$	9.2
September	$	8.1
October	$	6.0
November	$	7.6
TOTAL	**$**	**1,456.5**

Summary Breakdown of 2009 Benchmark Notes Issuance

Fannie Mae Noncallable Benchmark Notes

	November 09		*YTD 2009*	
Maturity	***Par Amount***	***# Issues***	***Par Amount***	***# Issues***
2 Years			26,000,000,000	3
3 Years			14,000,000,000	3
5 Years			27,500,000,000	5
TOTAL			**$67,500,000,000**	**11**