Fannie Mae
2007 10-K Investor Summary

February 27, 2008

- These materials present tables and other information about Fannie Mae, including information contained in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2007. These materials should be reviewed together with the 2007 10-K, copies of which are available on the company's Web site at www.fanniemae.com under the "Investor Relations" section of the Web site.
- More complete information about Fannie Mae, its business, business segments, financial condition and results of operations is contained in its 2007 Forms 10-K, which also includes more detailed explanations and additional information relating to the information contained in this presentation. Footnotes to the included tables have been omitted.

Disclaimer/Safe Harbor

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

Other terms used but not defined in this presentation may be defined in our annual report on Form 10-K for the year ended December 31, 2007.

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- 2007 results accurately reflect the most severe housing dislocation in decades.
- The market did provide opportunities for Fannie Mae, particularly in our guaranty business.
- Our primary focus is protecting our capital, mitigating losses and taking steps to emerge from the crisis on solid footing.
- We are well-positioned to continue our vital role and mission, but expect another very tough year.
- Despite market challenges, have continued to meet key milestones.
- Met all obligations under Consent Agreement.

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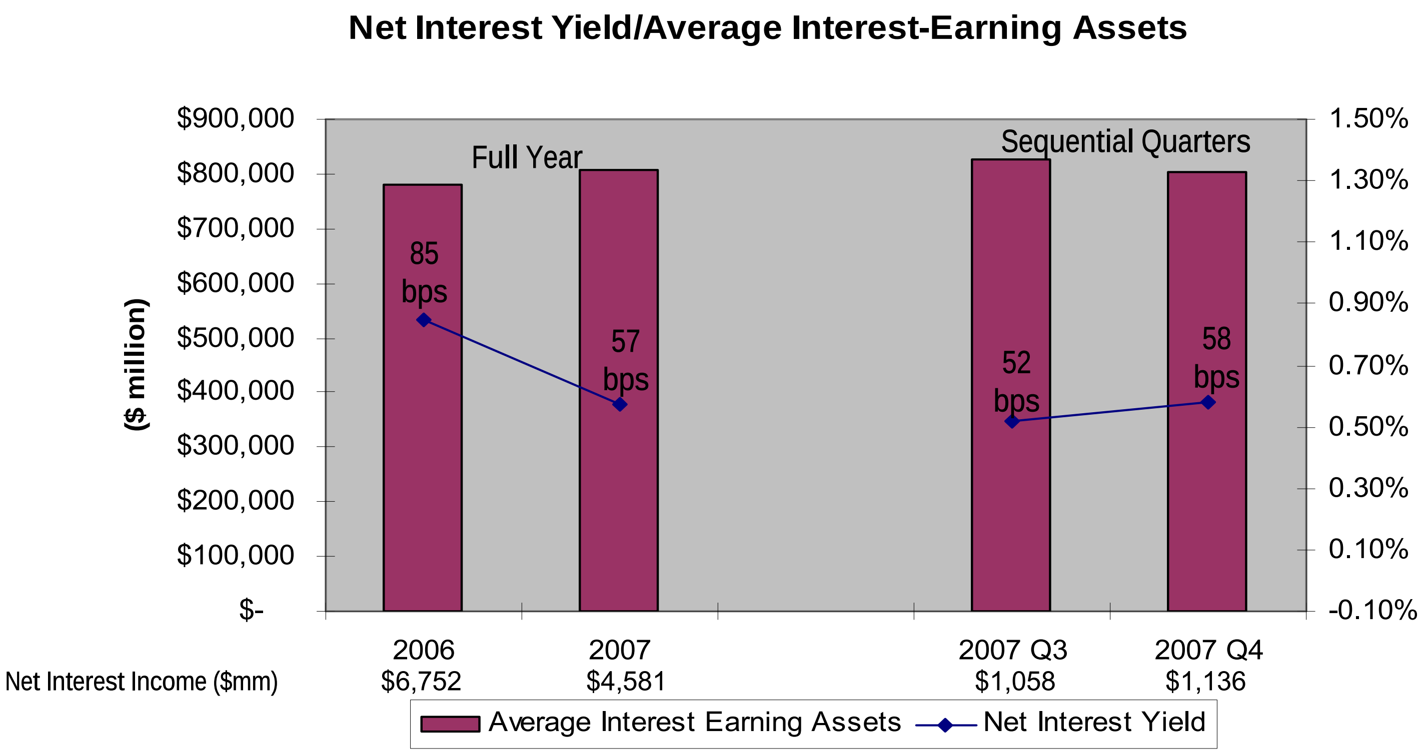
Consolidated Financial Results

(dollars in millions)	Detail on Slide:	Full Year 2007 FY	Full Year 2006 FY [2]	Sequential Quarter 2007 Q4	Sequential Quarter 2007 Q3 [2]
Net Interest Income [1]	**3**	**$ 4,581**	**$ 6,752**	**$ 1,136**	**$ 1,058**
Guaranty Fee Income	**4**	**5,071**	**4,250**	**1,621**	**1,232**
Trust Management Income [1]		588	111	128	146
Fee and Other Income	31	751	672	205	76
Net Revenues		**10,991**	**11,785**	**3,090**	**2,512**
Losses on Certain Guaranty Contracts	**5**	**(1,424)**	**(439)**	**(386)**	**(294)**
Investment Gains (losses), net	**6,7**	**(1,232)**	**(683)**	**(1,130)**	**136**
Derivatives fair value losses, net	**30**	**(4,113)**	**(1,522)**	**(3,222)**	**(2,244)**
Losses from Partnership Investments		(1,005)	(865)	(478)	(147)
Administrative Expenses		(2,669)	(3,076)	(651)	(660)
Credit-Related Expenses	**9-11**	**(5,012)**	**(783)**	**(2,973)**	**(1,200)**
Other non-interest expense, net		(662)	(204)	(420)	(87)
Income (loss) before federal taxes and extraordinary gains (losses)		(5,126)	4,213	(6,170)	(1,984)
Benefit (provision) for federal income taxes		3,091	(166)	2,623	582
Extraordinary gains (losses), net of tax		(15)	12	(12)	3
Net Income (loss)		$(2,050)	4,059	(3,559)	$(1,399)
Diluted earnings (loss) per common share		$ (2.63)	$ 3.65	$ (3.80)	$ (1.56)

[1] Trust management income was recorded as a component of net interest income until November 2006.

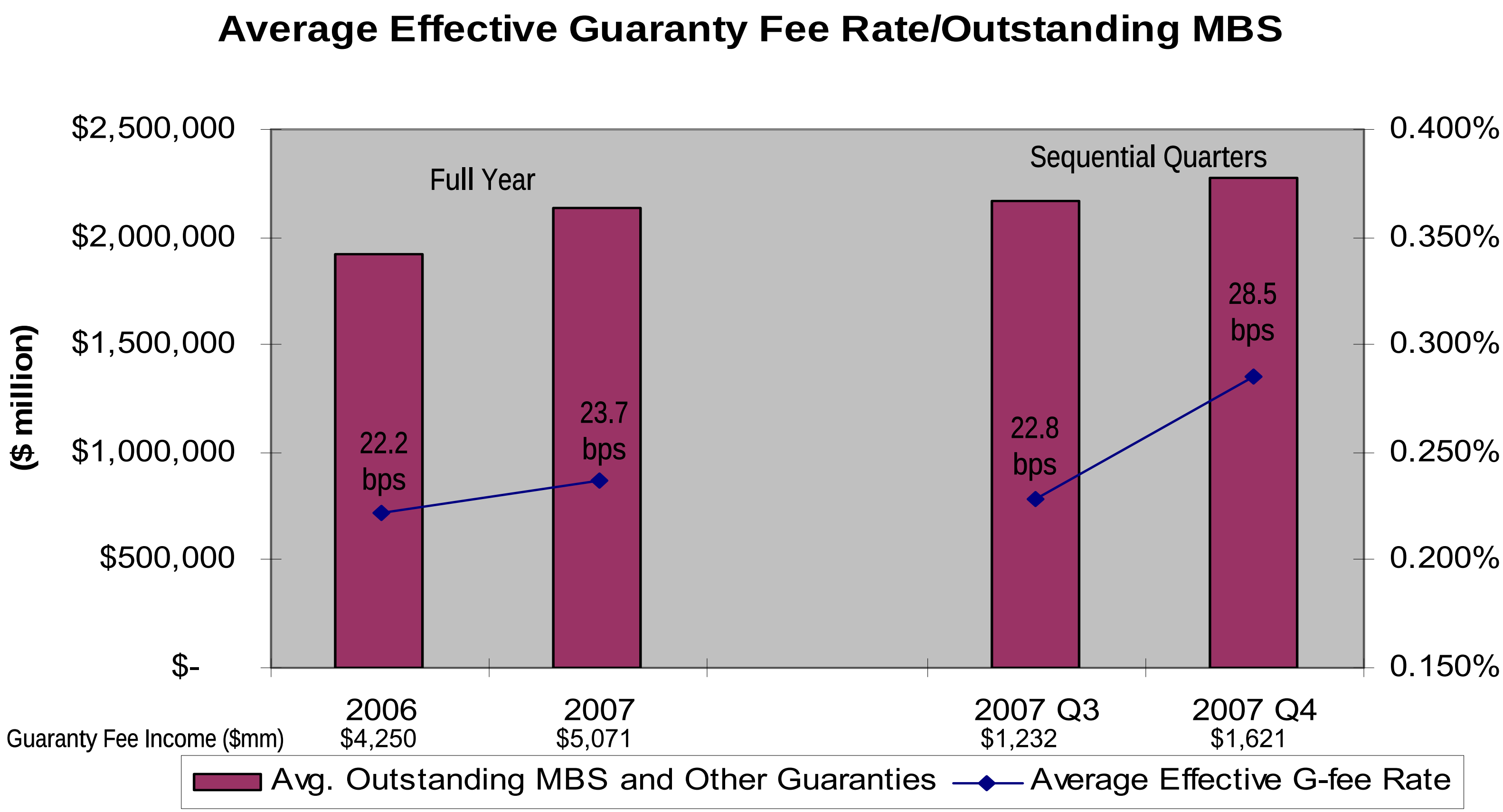
[2] Certain amounts have been reclassified to conform to the current presentation.

Net Interest Income/Yield



- Net interest income significantly lower as net interest yield declines.
- Net interest yield increased modestly in Q4 2007 due to lower debt costs.
- Reclassification of float income to trust management income beginning in November 2006, reduced net interest yield by 7 bps in 2007.

Guaranty Fee Income



- Growth in guaranty fee income driven primarily by growth in outstanding MBS and an increase in average effective guaranty fee rate.
- Price increases go into effect on March 1, 2008 – expected to have approximately 10 bps positive impact on new business.

(1) Certain prior period amounts previously included as a component of “fee and other income” have been reclassified to “guaranty fee income” to conform to the current period presentation

(2) Accretion of previously recognized losses on certain guaranty contracts increased guaranty fee income by $603 million in 2007 and $329 million in 2006

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Losses on Certain Guaranty Contracts

(dollars in millions)	Full Year		Sequential Quarter	
	2007	2006	2007 Q4	2007 Q3
Losses on Certain Guaranty Contracts Recognized	$ 1,424	$ 439	$ 386	$ 294
Increase in Current Period Guaranty Fee Income from Accretion of Prior Losses on Certain Guaranty Contracts	(603)	(329)	(276)	(144)
Net Impact of Losses on Certain Guaranty Contracts on Current Period Pre-Tax Income (1)	$ 821	$ 110	$ 110	$ 150

- Net impact of losses on certain guaranty contracts increased to $821 million from $110 million, due to wider market credit spreads.
- In Q4, 2007, accretion of prior losses on certain guaranty contracts increased, substantially offsetting the impact of new losses on certain guaranty contracts. We expect these trends to continue in 2008.

(1) Does not factor in amortization of credit enhancement expense recorded in other expenses

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Investment Gains/(Losses), Net

(dollars in millions)	Full Year 2007	Full Year 2006	Sequential Quarter 2007 Q4	Sequential Quarter 2007 Q3 [(1)]
Other-than-temporary impairment on investment securities	$ (814)	$ (853)	$ (736)	$ (75)
Lower-of-cost-or-market adjustments on held-for-sale loans	(103)	(47)	12	3
Gains (losses) on Fannie Mae portfolio securitizations	(403)	152	(376)	(65)
Gains on sale of available-for-sale (AFS) securities, net	703	106	262	94
Gains (losses) on trading securities, net	(365)	8	(152)	248
Other investment losses, net	(250)	(49)	(140)	(69)
Investment losses, net	$ (1,232)	$ (683)	$ (1,130)	$ 136

(1) Certain amounts have been reclassified to conform with the current presentation.

Investment losses, net, increased in 2007. Key drivers included:

- Transaction related gains/losses effectively offset in 2007.
- Increase in losses on trading securities driven by credit spread widening, more than offsetting the positive effects of declining yields.

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Security Impairments

(dollars in millions)	Full Year		Sequential Quarter	
	2007	2006	2007 Q4	2007 Q3
Private Label Securities - Subprime	$ 160	$ 19	$ 146	$ 20
Liquid Investment Portfolio	443	24	388	55
Agency MBS [1]	200	774	200	-
Agency REMICS	1	17	-	-
Other [2]	10	19	2	-
Total Impairments	$ 814	$ 853	$ 736	$ 75

[1] 2006 impairments were recognized as these securities were sold before the impairment had recovered.

[2] Includes impairments on consolidated structured transactions, manufactured housing bonds, IOs, and other special deals

- At December 31, 2007, the company changed its intent to hold LIP and certain agency securities until they recovered, and accordingly recognized impairment of $620 million. These securities were transferred from available for sale (AFS) to trading on January 1, 2008 with our adoption of the fair value option.
- We recorded $160 million of other-than-temporary impairment on $1.7 billion of unpaid principal balance of subprime private-label securities classified as AFS because we concluded that we did not have the intent to hold to recovery or it was no longer probable that we would collect all of the contractual principal and interest amounts due.

Fair Value Items

Effect on Earnings of Significant Market-Based Valuation Adjustments

(Dollars in millions)	Full Year 2007	Full Year 2006	Sequential Quarter 2007 Q4	Sequential Quarter 2007 Q3 [1]
Derivative Fair Value Losses, Net	$ (4,113)	$ (1,522)	$ (3,222)	$ (2,244)
Losses on Delinquent Loans Purchased from MBS Trusts	(1,364)	(204)	(559)	(670)
Losses on Certain Guaranty Contracts	(1,424)	(439)	(386)	(294)
Gains (Losses) on Trading Securities, Net	(365)	8	(152)	248
Total	$ (7,266)	$ (2,157)	$ (4,319)	$ (2,960)

(1) Certain amounts have been reclassified to conform with the current presentation

Principal reasons for fair value declines:

- Declines in interest rates
- Credit spreads widening and reduced levels of liquidity in the mortgage and credit markets, causing significant losses

Actions to reduce volatility associated with these items:

- Developed work-out option not requiring the purchase of loans from trusts and working on other options
- Increasing guaranty fee pricing
- Moving selected agency MBS to trading accounts
- Evaluating hedge accounting

Credit-Related Expenses/Credit Loss Performance Metrics

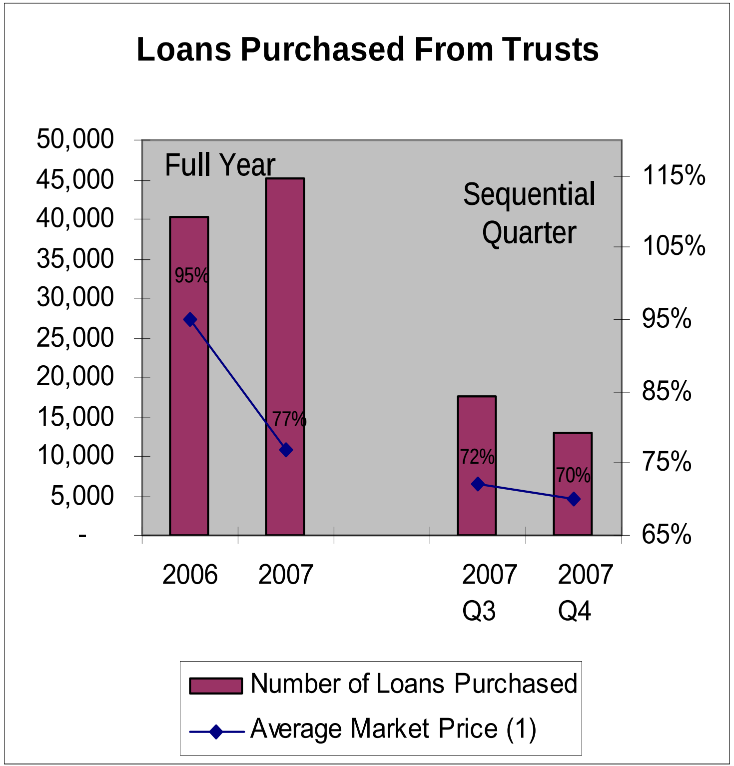
(dollars in millions)	Full Year				Sequential Quarter			
	2007		2006		2007 Q4		2007 Q3	
	Amount	Rate (bps)	Amount	Rate (bps)	Amount	Rate (bps)	Amount	Rate (bps)
Charge-Offs, Net of Recoveries (1) (2)	$ 779	3.1	$ 288	1.2	307	1.1	197	0.7
Foreclosed Property Expenses (2)	560	2.2	229	1.0	233	0.9	146	0.6
Credit Losses, net of the impact of SOP 03-3	1,339	5.3	517	2.2	540	2.0	343	1.3
SOP 03-3 Fair Value Losses	1,364	5.4	204	0.9	559	2.1	670	2.6
Impact of SOP 03-3 on charge-offs and foreclosed property expenses	(223)	(0.9)	(73)	(0.3)	(110)	(0.4)	(62)	(0.2)
Credit Losses, including the impact of SOP 03-3	2,480	9.8	648	2.8	989	3.7	951	3.7
Increase in allowance for loan losses and reserve for guaranty Losses	2,532		135		1,984		249	
Credit Related Expenses	$ 5,012		$ 783		2,973		1,200	
Allowance for loan losses and reserve for guaranty losses	$ 3,391		$ 859		$ 3,391		$ 1,407	
Percent of allowance for loan losses and reserve for guaranty losses to the guaranty book of business	0.12%		0.04%		0.12%		0.05%	

(1) Excludes the impact of SOP 03-3 fair value losses of $1.4 billion and $204 million for the years ended December 31, 2007 and 2006, respectively, and $559 million and $670 million for the quarters ended December 31, 2007 and September 30, 2007, respectively

(2) The impact of SOP 03-3 on charge-offs and foreclosed property expense in Table 17 of the 2007 10K has been disaggregated and added back to charge-offs and foreclosed property expense. The adjustment to charge-offs was $111 million and $38 million for the years ended December 31, 2007 and 2006, respectively, and $56 million and $29 million for the quarters ended December 31, 2007 and September 30, 2007, respectively. The adjustment to foreclosed property expense was $112 million and $35 million for the years ended December 31 2007 and 2006, respectively, and $54 million and $33 million for the quarters ended December 31, 2007 and September 30, 2007, respectively.

- Credit loss ratio (excluding the impact of SOP 03-3) increased to 5.3 bps from 2.2 bps
- A key driver of the increase in credit losses and expenses was weakness in the housing markets
- The company now expects a credit loss ratio in 2008 of 11 to 15 basis points, factoring in a significant increase in loan default and severity rates, and a significant increase in acquisitions of foreclosed properties, as well as a 5 to 7 percent nationwide decline in home prices. The company further expects there may also be significant regional differences in the rate of home price declines in 2008.

Losses on Loans Purchased from Trusts/Cure Rates



(1) Includes value of primary mortgage insurance

Re-performance Rates of Delinquent Single-Family Loans Purchased from MBS Trusts

	Years Loans Purchased from MBS Trusts			
	2006	**2005**	**2004**	**2003**
Cured [1]	65%	60%	58%	59%
Defaults [2]	20%	31%	36%	37%
90 Days or more Delinquent	15%	9%	6%	4%
Total	100%	100%	100%	100%

1) Includes current, payoffs, lender repurchases, less than 90-days delinquent, long-term forebearance, repayment plans, modifications, either with or without concessions to the borrower.

2) Includes foreclosures, pre-foreclosure sales, sales to third parties and deeds-in-lieu of foreclosure.

- Losses on loans purchased from trusts driven by an increase in number of loans purchased and a decrease in the fair value of loans.
- Cure rates may decline compared with 2006 rates.

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Management Actions on Credit

- Tightening underwriting standards / reduced participation in riskier segments
  - Tightened eligibility requirements on riskier business
  - Increasing FICOs, lowering LTVs and increasing documentation requirements
  - Limiting maximum financing available in declining markets
  - Significant reduction in Alt-A acquisitions
- Increased loss mitigation efforts
  - Increased focus on work-outs
  - Encourage servicers to ramp up workouts and outreach programs to delinquent borrowers
- We purchased credit enhancement on riskier loans
- We actively monitor our counterparties. Have enhanced collateral requirements.
  - Credit enhancement providers
  - Servicers

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Change in Estimated Fair Value of Net Assets (Non-GAAP)

(Dollars in Millions)

	2007	2006 [1]
Balance as of January 1	$ 43,699	$ 42,199
Capital Transactions		
Common dividends, common share repurchases and issuances, net	(1,740)	(1,030)
Preferred dividends and issuances, net	7,208	(511)
Capital transactions, net	5,468	(1,541)
Change in estimated fair value of net assets, excluding capital transactions	(13,368)	3,041
(Decrease) increase in estimated fair value of net assets, net	(7,900)	1,500
Balance as of December 31	$ 35,799	$ 43,699
Fair Value - Preferred Equity	$ 15,348	$ 9,018
Fair Value - Common Equity	$ 20,451	$ 34,681

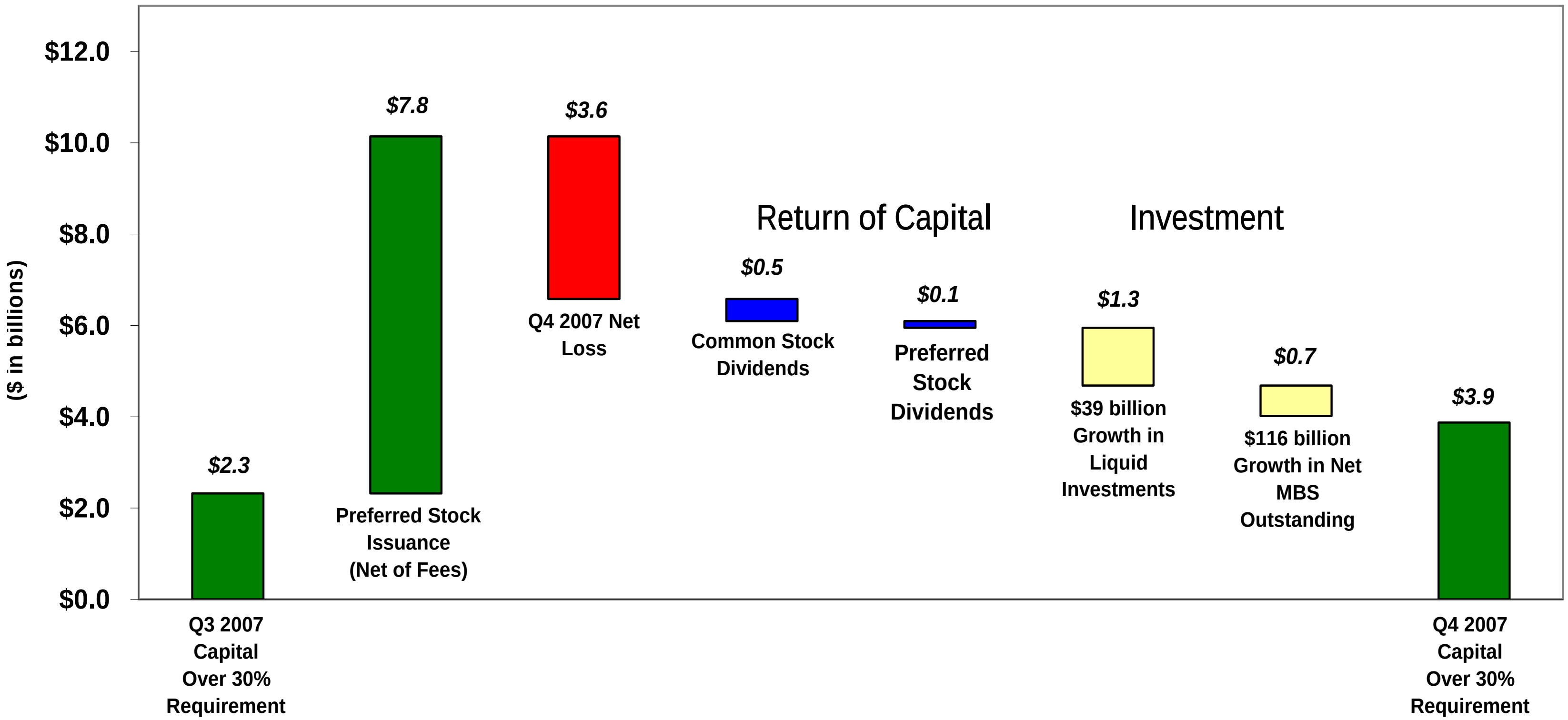
Fair value of net assets, excluding capital transactions, declined by $13.4 billion. Key drivers included:

- $6.5 billion decline in fair value of net guaranty assets, including tax-related assets, driven primarily by the market's anticipation of further deterioration of mortgage credit.
- Widening of mortgage-to-debt spreads caused a decline of approximately $9.4 billion in the fair value of our net portfolio.
- Economic earnings of the company and changes in fair value of other assets

The estimated fair value of our net assets (non-GAAP) represents the estimated fair value of total assets less the estimated fair value of total liabilities. We reconcile the estimated fair value of our net assets (non-GAAP) to total stockholders' equity (GAAP) in Appendix II (pg 35).

(1) We revised the previously reported fair value of our net assets as of December 31, 2006 to conform to the current presentation, in which LIHTC partnership investments are reflected at fair value. The previously reported fair value of our net assets as of December 31, 2006 reflected the carrying amount of these investments.

2007 Q4 Capital Surplus - Sources and Uses of Excess Capital



Note: Q4 2007 capital surplus is a Fannie Mae estimate, and has not been certified by OFHEO

- At year-end 2007, Fannie Mae had a $3.9 billion capital surplus relative to the OFHEO-directed minimum capital requirement.
- Fannie Mae increased investment in our liquid investments and mortgage portfolio in Q4, consuming some of our capital surplus.
- Fannie Mae has the ability to manage the size of its liquid investment portfolio (LIP) or mortgage portfolio for additional capital flexibility.

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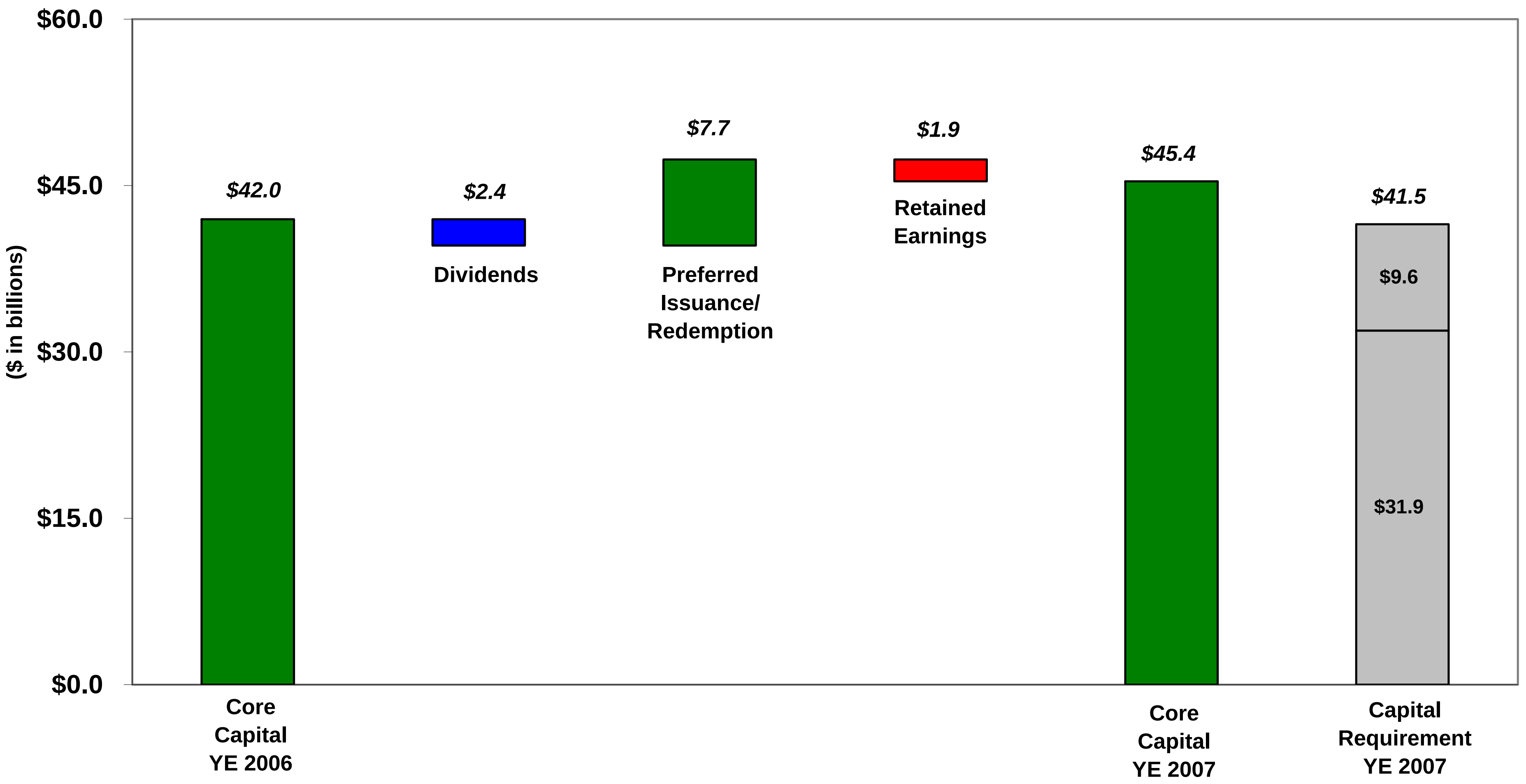
Capital Position



Note: YE 2007 core capital is a Fannie Mae estimate, and has not been certified by OFHEO

APPENDIX I – Credit

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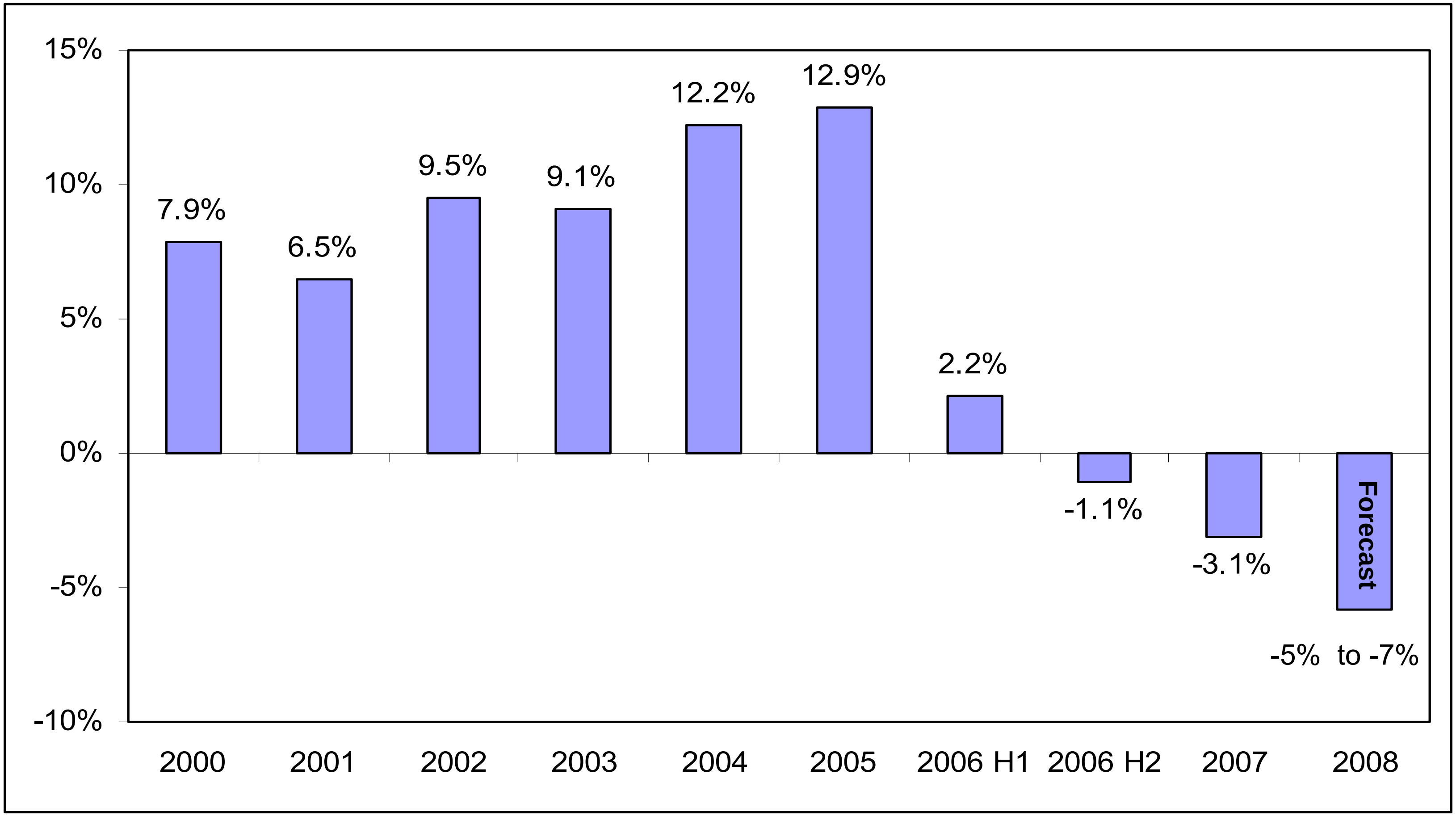
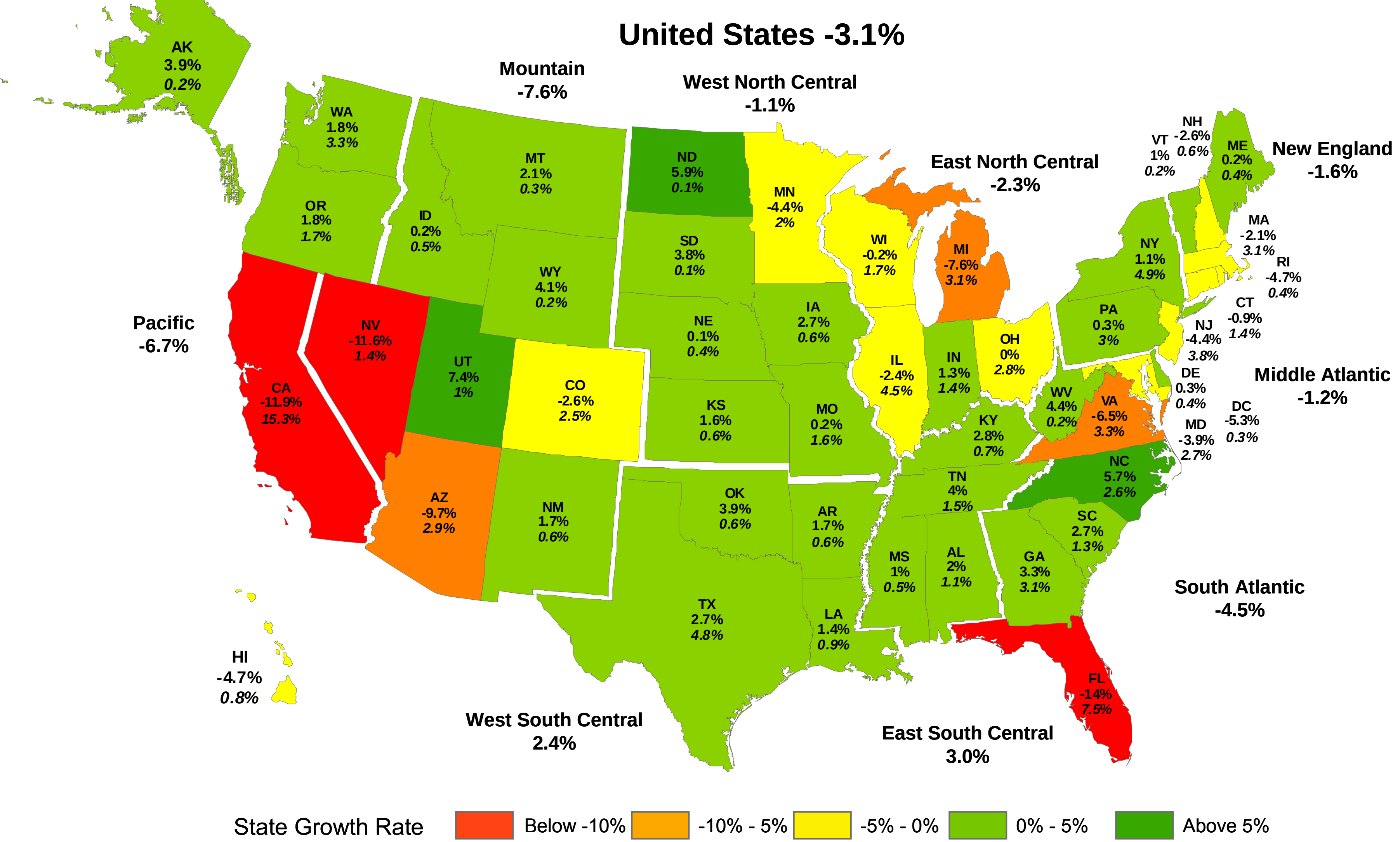
Home Price Growth Rate in the U.S. – Fannie Mae Index



Based upon the Fannie Mae home price index. Growth rates are from period-end to period-end. 2006 H1 and H2 growth rates are not annualized.

Note: Using the Case Shiller weighting method, our forecasted home price decline would be 7-9% (vs. 5-7%).

One-Year Home Price Growth as of December 31, 2007



The first number under each state is the home price growth rate. The second number is the UPB share of each state.

Source: Fannie Mae

Credit Risk Management

Focus on Minimizing Credit Losses

- New Business – reduced eligibility and increased price
- Credit loss mitigation
  - Increased focus on workouts
  - Fannie Mae employees on site with most major servicers
  - National REO Disposition Center in Dallas, built during California mid-90’s housing recession, continues to use its experience to manage servicer relationships and facilitates workouts
- Manage counterparty risk positions
  - Strengthening contractual protections
  - Requiring additional collateral from some counterparties
  - New limits on business with some counterparties
  - Increased depth and frequency of monitoring

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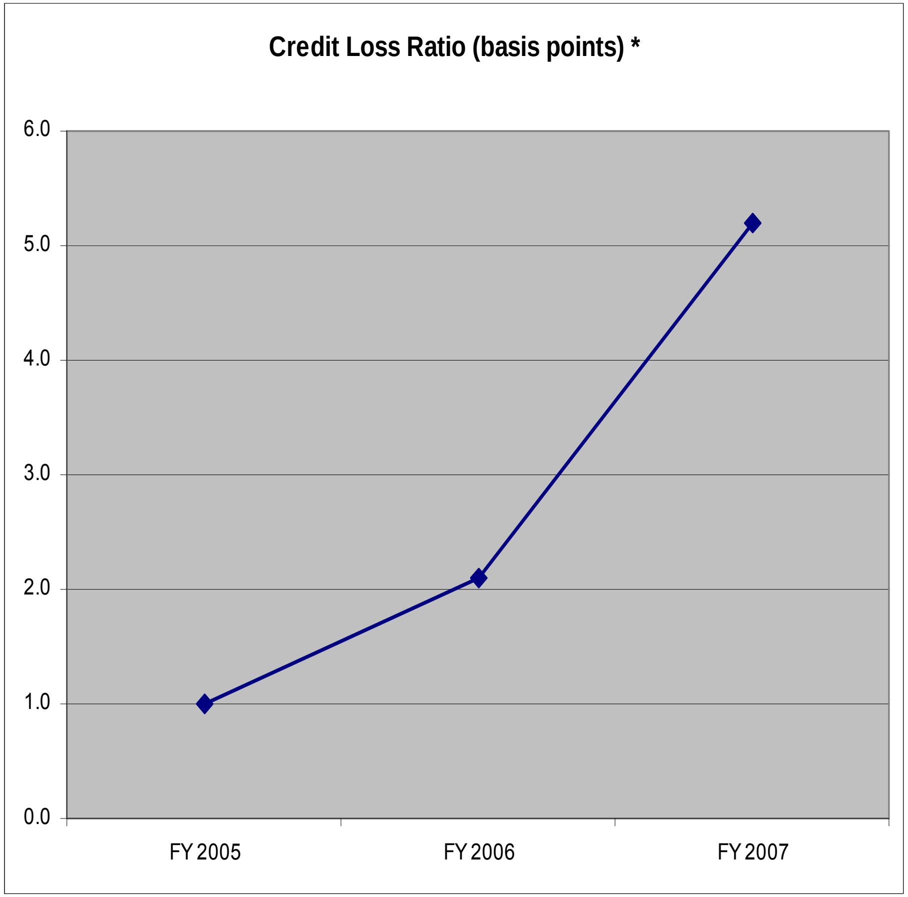
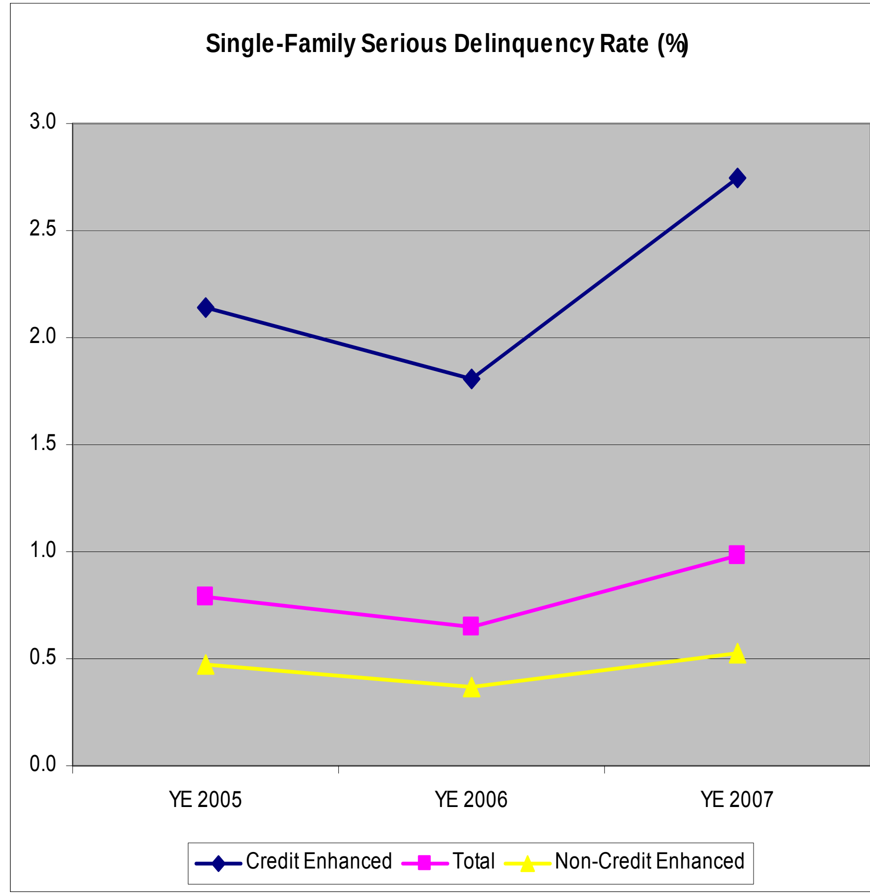
Counterparty Exposure

Counterparty Type	Exposure (as of 12/31/07)	Notes
Mortgage Insurers	$104.1 billion of primary and pool mortgage insurance	Seven counterparties provide over 99% of coverage; 4 AA or higher rated, 3 AA- rated
Lenders with Risk Sharing - Single-family	Full or partial recourse on loans with an estimated UPB of $43.7 billion	45% of counterparties investment grade based on lower of S&P, Moody's, and Fitch Rating
Lenders with Risk Sharing - Multifamily	Full or partial recourse on loans with an estimated UPB of $128.3 billion	Depending on the financial strength of the counterparty, we may require a lender to pledge collateral to secure its recourse obligations
Financial Guarantors	Beneficiary of financial guaranties of $11.8 billion on securities held in investment portfolio or guaranteed	Manage exposure through in-depth analyses of their financial position and stress analyses of their financial guaranties and available capital. On case-by-case basis, may restrict types of business we will do with a company, or suspend the company as an acceptable counterparty.
Custodial Depository Institutions	A total of $32.5 billion in deposits for scheduled MBS payments were received and held by 324 custodial depository institutions.	95% were held by institutions rated as investment grade by S&P, Moody's, and Fitch.
Derivative Counterparties	Replacement cost of outstanding derivative contracts in gain positions by counterparty totaled $542 million, taking into acccount netting arrangements where applicable.	$4 million of exposure to firms with AAA rating; $448 million to firms with AA+/AA/AA- rating; $16 million to firms with A+/A/A- rating;

Credit Loss Rate/Delinquency Rates





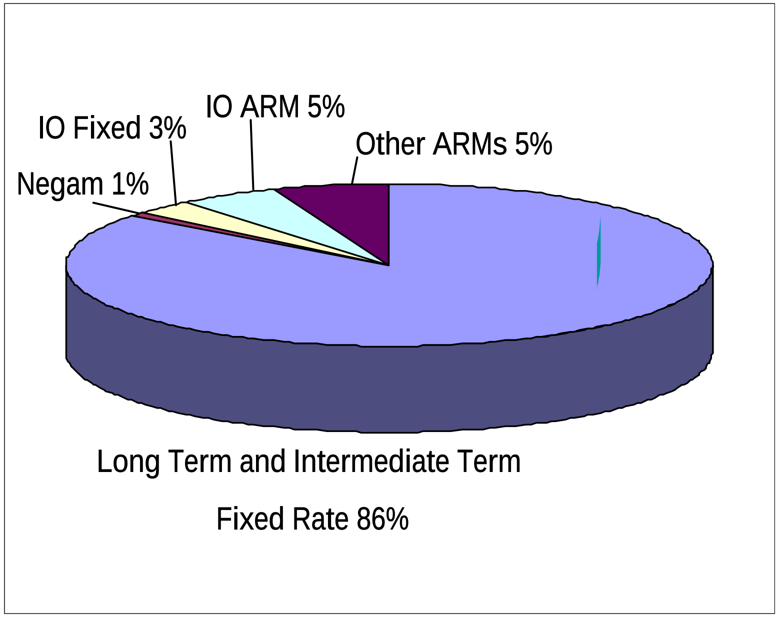
- Higher credit loss ratio primarily due to worsening decline in home prices, particularly in the Midwest, California, Florida, Nevada, and Arizona, and economic weakness in the Midwest. Our credit loss ratio excludes the impact of SOP 03-3
- Fannie Mae expects credit losses to rise to 11-15 bps in 2008, factoring in a significant increase in loan default and severity rates, and a significant increase in acquisitions of foreclosed properties, as well as a 5 to 7 percent nationwide decline in home prices

* Note: Credit loss ratio is defined as [Net charge-offs (excluding impact of SOP 03-3) + Foreclosed Property Expense]/Average Guaranty Book of Business

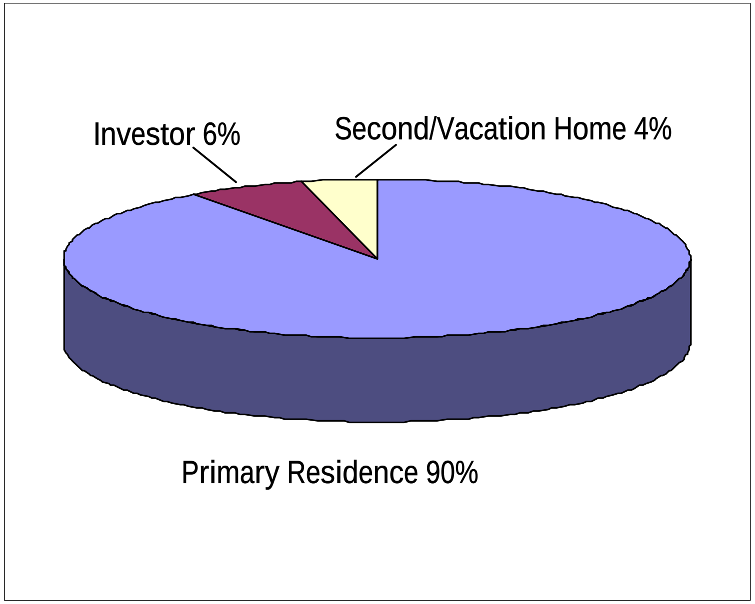
Characteristics of Fannie Mae Single-Family Conventional Mortgage Credit Book of Business

December 31, 2007	
Single-Family Conventional Mortgage Credit Book of Business	$2.5 Trillion
Weighted Average FICO	721
Weighted Average Original LTV	72%
Weighted Average MTM LTV	61%

Product Types*



Occupancy*



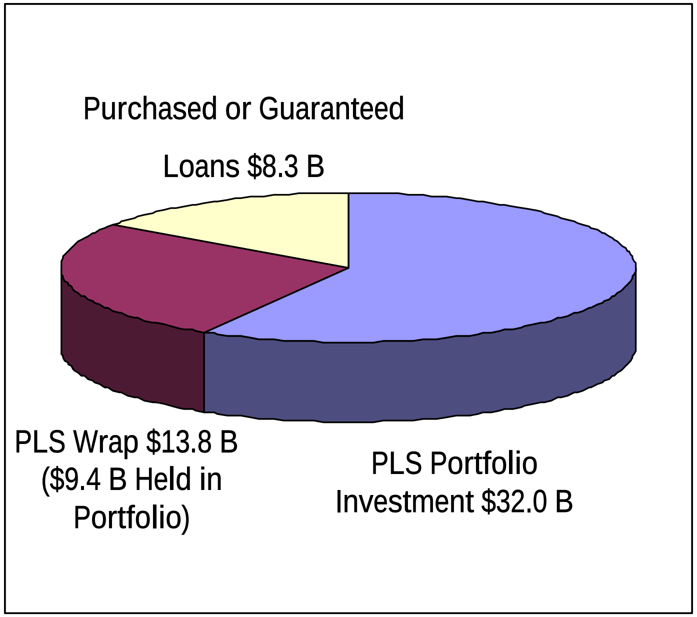
* Data as of December 31, 2007

Certain data contained in this presentation are based upon information that Fannie Mae receives from third-party sources. Although Fannie Mae generally considers this information reliable, it does not guarantee that it is accurate or suitable for any particular purpose. Fannie Mae has access to detailed loan-level information on approximately 95 percent of our conventional single-family mortgage credit book of business.

Fannie Mae Subprime and Alt-A Exposure

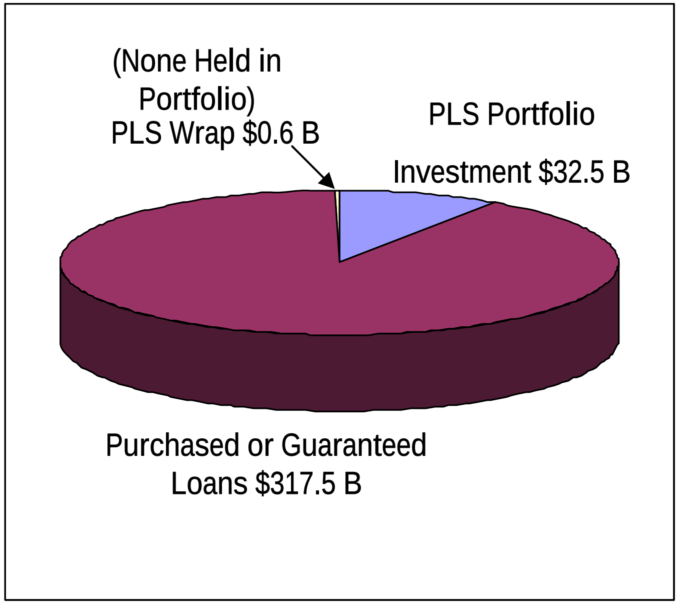
Subprime

Total Exposure of $54.1 Billion



Alt-A

Total Exposure of $350.6 Billion



* Data as of December 31, 2007

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Fannie Mae Credit Profile by Key Product Features

Credit Characteristics of Single-Family Conventional Mortgage Credit Book of Business

as of December 31, 2007	Overall Book	NegAm	Interest Only	FICO < 620	OLTV > 90%	FICO < 620 and OLTV > 90%	Subprime	Alt-A
UPB (billions)	$2,531.2	$22.2	$209.2	$125.0	$251.8	$29.5	$8.3	$314.4
Share of SF Conventional Credit Book (1)	100.0%	0.9%	8.3%	4.9%	9.9%	1.2%	0.3%	11.9%
Average UPB	$142,747	$150,598	$236,422	$126,307	$134,614	$119,463	$153,097	$173,765
SDQ Rate All Loans	0.98%	1.43%	2.04%	4.72%	2.97%	8.64%	5.76%	2.15%
Origination Year 2005-2007	53.8%	61.6%	89.7%	59.8%	66.7%	70.9%	82.9%	73.9%
Weighted Average OLTV	71.5%	70.7%	75.5%	77.2%	97.4%	98.2%	78.4%	73.1%
OLTV > 90	9.9%	0.3%	8.6%	23.6%	100.0%	100.0%	8.0%	5.6%
Weighted Average MTMLTV	60.9%	64.1%	76.6%	68.2%	87.6%	90.3%	75.5%	68.7%
Weighted Average FICO	721	695	724	588	689	591	621	718
FICO < 620	4.9%	12.2%	1.3%	100.0%	11.7%	100.0%	48.8%	0.7%
Fixed-rate	88.6%	0.1%	39.9%	92.2%	93.4%	96.4%	54.9%	70.5%
Principal Residence	89.9%	72.0%	84.8%	96.9%	96.9%	99.5%	96.4%	77.9%
Credit Enhanced (2) (3)	20.8%	78.0%	36.7%	38.0%	92.3%	94.8%	71.9%	40.6%
% of 2007 Credit Losses (4)	100.0%	0.9%	15.3%	18.9%	16.9%	6.2%	1.0%	31.4%

(1) Subprime and Alt-A are calculated as a percentage of the Single-Family Mortgage Credit Book.

(2) Total UPB of loans with credit enhancement/Total UPB of Book (%)

(3) Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement

(4) Calculated as a percentage of the Single-Family Mortgage Credit Book 2007 credit losses

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

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Single-Family delinquency rates by State and region

Single-Family serious delinquency rates (as of 12/31)	2007	2006
Arizona	0.75%	0.21%
California	0.50%	0.15%
Florida	1.59%	0.43%
Nevada	1.20%	0.34%
Total conventional single-family loans	0.98%	0.65%

Single-Family serious delinquency rates (as of 12/31)	2007	2006
Midwest	1.35%	1.01%
Northeast	0.94%	0.67%
Southeast	1.18%	0.68%
Southwest	0.86%	0.69%
West	0.50%	0.20%

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Fannie Mae Credit Profile by Vintage and Key Product Features

Credit Characteristics of Single-Family Conventional Mortgage Credit Book of Business by Vintage

as of December 31, 2007	Overall Book	2007 Vintage	2006 Vintage	2005 Vintage	2004 Vintage	2003 and Earlier Vintages
UPB (billions)	$2,531.2	$531.9	$435.1	$394.8	$314.2	$855.2
Share of SF Conventional Credit Book (1)	100.0%	21.0%	17.2%	15.6%	12.4%	33.8%
Average UPB	$142,747	$194,614	$179,044	$166,629	$142,832	$106,905
SDQ Rate All Loans	0.98%	0.68%	1.74%	1.26%	0.96%	0.79%
Origination Year 2005-2007	53.8%	100.0%	100.0%	100.0%	0.0%	0.0%
Weighted Average OLTV	71.5%	75.9%	73.6%	71.7%	70.3%	68.2%
OLTV > 90	9.9%	16.9%	10.5%	8.1%	8.4%	6.7%
Weighted Average MTMLTV	60.9%	76.9%	73.8%	66.3%	55.7%	43.8%
Weighted Average FICO	721	716	718	723	723	725
FICO < 620	4.9%	6.5%	5.4%	4.3%	4.3%	4.3%
Fixed-rate	88.6%	91.2%	86.4%	82.6%	81.5%	93.4%
Principal Residence	89.9%	88.9%	87.5%	88.2%	90.6%	92.3%
Credit Enhanced (2) (3)	20.8%	29.6%	27.7%	21.5%	15.8%	13.3%
% of 2007 Credit Losses (4)	100.0%	1.6%	20.8%	24.1%	16.2%	37.3%

(1) Subprime and Alt-A are calculated as a percentage of the Single-Family Mortgage Credit Book.

(2) Total UPB of loans with credit enhancement/Total UPB of Book (%)

(3) Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement

(4) Calculated as a percentage of the Single-Family Mortgage Credit Book 2007 credit losses

Certain data contained in this presentation are based upon information that Fannie Mae receives from third-party sources. Although Fannie Mae generally considers this information reliable, it does not guarantee that it is accurate or suitable for any particular purpose. Fannie Mae has access to detailed loan-level information on approximately 95 percent of our conventional single-family mortgage credit book of business.

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Fannie Mae Credit Profile by State

Credit Characteristics of Single-Family Conventional Mortgage Credit Book of Business by State

as of December 31, 2007	Overall Book	MI	OH	IN	FL	CA	AZ	NV
UPB (billions)	$2,531.2	$79.6	$70.9	$35.7	$190.3	$387.1	$73.9	$34.2
Share of SF Conventional Credit Book	100.0%	3.1%	2.8%	1.4%	7.5%	15.3%	2.9%	1.4%
Average UPB	$142,747	$117,415	$104,808	$101,707	$142,434	$190,429	$156,673	$177,599
SDQ Rate All Loans	0.98%	1.43%	1.78%	1.93%	1.59%	0.50%	0.75%	1.20%
Origination Year 2005-2007	53.8%	41.4%	44.0%	48.5%	64.1%	49.0%	69.1%	65.9%
Weighted Average OLTV	71.5%	73.6%	76.9%	78.5%	73.2%	61.4%	73.5%	74.1%
OLTV > 90	9.9%	10.0%	15.2%	18.4%	10.9%	2.3%	9.8%	9.1%
Weighted Average MTMLTV	60.9%	71.0%	69.2%	69.5%	64.7%	52.8%	64.4%	69.5%
Weighted Average FICO	721	718	718	713	716	728	723	722
FICO < 620	4.9%	5.8%	6.2%	6.9%	5.5%	3.3%	3.8%	3.3%
Fixed-rate	88.6%	88.3%	93.1%	93.6%	85.3%	81.6%	83.0%	74.1%
Principal Residence	89.9%	93.1%	94.4%	93.7%	81.9%	88.3%	83.8%	80.7%
Credit Enhanced (1) (2)	20.8%	19.6%	27.0%	31.7%	24.0%	11.8%	22.6%	27.4%
% of 2007 Credit Losses (3)	100.0%	27.1%	13.6%	4.3%	4.7%	7.4%	1.8%	1.3%
% of 2007 Foreclosed Properties	100.0%	16.4%	9.0%	5.0%	3.5%	3.4%	1.5%	1.1%

(1) Total UPB of loans with credit enhancement/Total UPB of Book (%)

(2) Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement

(3) Calculated as a percentage of the Single-Family Mortgage Credit Book 2007 credit losses

Certain data contained in this presentation are based upon information that Fannie Mae receives from third-party sources. Although Fannie Mae generally considers this information reliable, it does not guarantee that it is accurate or suitable for any particular purpose. Fannie Mae has access to detailed loan-level information on approximately 95 percent of our conventional single-family mortgage credit book of business.

Fannie Mae Subprime and Alt-A Exposure – Securities/Wraps

The balances below represent investments reported in our mortgage portfolio (as disclosed under Table 26 - MD&A 2007 10-K)

	Subprime		Alt-A	
	Securities[1]	Wraps[2]	Securities[1]	Wraps[2]
UPB @ 12/31/07	$32.0	$9.4	$32.5	$0.0
% AAA	97%	100%	100%	
% AA or below	3%	0%	0%	
% 2007 Vintage	17%	100%	14%	
% 2006 Vintage	70%	0%	27%	
Wtd Average Credit Enhancement	36%		23%	

[1]Includes private-label securities backed by Alt-A or subprime mortgage loans that are reported in our mortgage portfolio as a component of non-Fannie Mae structured securities.

[2]Includes resecuritizations of Alt-A or subprime mortgage-related securities that we guarantee, which are reported in our mortgage portfolio as a component of Fannie Mae structured securities.

As of February 22, 2008, all of our private-label mortgage-related securities backed by Alt-A mortgage loans were rated AAA and none had been downgraded. However, since the end of 2007 through February 22, 2008, approximately $1.3 billion of our Alt-A private label mortgage-related securities had been placed under review for possible credit downgrade or on negative watch.

As of February 22, 2008, the credit ratings of several subprime private-label mortgage-related securities held in our portfolio with an aggregate unpaid principal balance of $8.4 billion as of December 31, 2007 were downgraded below AAA of which $63 million or 0.2% of our total subprime securities had ratings below investment grade. Of the $8.4 billion that have been downgraded, $6.2 billion are on negative watch for further downgrade. In addition, approximately $10.2 billion or 32% of our subprime private-label mortgage-related securities had been placed under review for possible credit downgrade or are on negative watch as of February 22, 2008.

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Home Price Growth/Decline and Fannie Mae Real Estate Owned (REO) in Key States

Single-family REO and Home Price Statistics[1] for Selected States

	REO Acquisitions			REO Inventory		
State	2005	2006	2007	As of 12/31/07	Annualized HP Growth as of 12/31/07 (Prior 1 yr) (1)	Annualized HP Growth as of 12/31/07 (Prior 5 yrs) (1)
Michigan	3,633	5,691	8,067	7,309	-7.6%	-1.1%
Ohio	3,113	4,041	4,433	2,862	0.0%	1.7%
Indiana	2,099	2,572	2,457	1,015	1.3%	2.0%
Florida	334	282	1,714	1,333	-14.0%	9.8%
California	18	93	1,681	1,417	-11.9%	9.2%
Arizona	146	56	751	545	-9.7%	10.5%
Nevada	27	62	530	426	-11.6%	10.3%
Other	23,190	23,783	29,488	18,822	N/A	N/A
Total	32,560	36,580	49,121	33,729	-3.1%	6.3%

[1] Based on Fannie Mae Internal HP Index

On a national basis, REO net sales price compared with unpaid principal balance of mortgage loan has decreased from 93% in 2005 to 89% in 2006 to 78% in 2007, driving an increase in loss severity.

APPENDIX II – Other

2007 Income Statement by Segment

2007 Income Statement

(Dollars in Millions)

	Single-Family	HCD	Capital Markets	Total
Net Interest Income (expense)	$ 365	$ (404)	$ 4,620	$ 4,581
Guaranty Fee Income (expense)	5,816	470	(1,215)	5,071
Losses on Certain Guaranty Contracts	(1,387)	(37)	-	(1,424)
Trust Management Income	553	35	-	588
Investment losses, net	(64)	-	(1,168)	(1,232)
Derivative fair value losses, net	-	-	(4,113)	(4,113)
Debt extinguishment losses, net	-	-	(47)	(47)
Losses from partnership investments	-	(1,005)	-	(1,005)
Fee and other income	305	323	123	751
Administrative expenses	(1,478)	(548)	(643)	(2,669)
Provision for credit losses	(4,559)	(5)	-	(4,564)
Other expenses	(871)	(181)	(11)	(1,063)
Loss before federal income taxes and extraordinary losses	(1,320)	(1,352)	(2,454)	(5,126)
Benefit for federal income taxes	(462)	(1,509)	(1,120)	(3,091)
Income (loss) before extraordinary losses	(858)	157	(1,334)	(2,035)
Extraordinary losses, net of tax effect	-	-	(15)	(15)
Net Income (loss)	$ (858)	$ 157	$ (1,349)	$ (2,050)

2006 Income Statement

(Dollars in Millions)

	Single-Family	HCD	Capital Markets	Total
Net Interest Income (expense)	$ 926	$ (331)	$ 6,157	$ 6,752
Guaranty Fee Income (expense)	4,785	562	(1,097)	4,250
Losses on Certain Guaranty Contracts	(431)	(8)	-	(439)
Trust Management Income	109	2	-	111
Investment gains (losses), net	97	-	(780)	(683)
Derivative fair value losses, net	-	-	(1,522)	(1,522)
Debt extinguishment gains, net	-	-	201	201
Losses from partnership investments	-	(865)	-	(865)
Fee and other income	253	277	142	672
Administrative expenses	(1,566)	(596)	(914)	(3,076)
Provision for credit losses	(577)	(12)	-	(589)
Other expenses	(463)	(134)	(2)	(599)
Income (loss) before federal income taxes and extraordinary gains	3,133	(1,105)	2,185	4,213
Provision (benefit) for federal income taxes	1,089	(1,443)	520	166
Income before extraordinary gains	2,044	338	1,665	4,047
Extraordinary gains, net of tax effect	-	-	12	12
Net Income	$ 2,044	$ 338	$ 1,677	$ 4,059

2007 Net Revenues/Income by Segment

(Dollars in Millions)	2007	2006
Net Revenues		
Single-Family Credit Guaranty	$ 7,039	$ 6,073
Housing and Community Development	424	510
Capital Markets	3,528	5,202
Total	$ 10,991	$ 11,785
Net Income (loss)		
Single-Family Credit Guaranty	$ (858)	$ 2,044
Housing and Community Development	157	338
Capital Markets	(1,349)	1,677
Total	$ (2,050)	$ 4,059

Changes in Risk Management Derivative Assets (Liabilities) at Fair Value, Net

(Dollars in Millions)	Full Year 2007	Full Year 2006	Sequential Quarter 2007 Q4	Sequential Quarter 2007 Q3
Beginning net derivative asset	3,725	4,372	1,811	5,253
Effect of cash payments:				
Money spent to purchase option → Fair value at inception of contracts entered into during the period	185	(7)	30	(6)
Money spent to terminate swaps → Fair value at date of termination of contracts settled during the period (1)	86	(106)	44	(40)
Periodic net cash contractual interest payments (receipts)	(447)	1,066	744	(1,183)
Total cash payments (receipts)	(176)	953	818	(1,229)
Income statement impact of recognized amounts:				
Swap Accruals → Periodic net contractual interest income/(expense) accruals on interest rate swaps	261	(111)	68	95
Net change in fair value during period	(4,419)	(1,489)	(3,306)	(2,308)
Derivatives fair value losses, net (2)	(4,158)	(1,600)	(3,238)	(2,213)
Ending net derivative asset (liability)	(609)	3,725	(609)	1,811

(Dollars in Millions)	Original Premium Payments	Original Weighted Average Life to Expiration (years)	Remaining Weighted Average Life (years)
Outstanding options as of December 31, 2006	$ 8,769	9.2	5.7
Purchases	198		
Exercises	(487)		
Terminations	(212)		
Expirations	(425)		
Outstanding options as of December 31, 2007	$ 7,843	8.4	4.6

(1) The original fair value at termination and related weighted average life in years at termination for those contracts with original scheduled maturities during or after 2007 and 2006 were $12.5 billion and 15.2 years and $13.9 billion and 9.7 years, respectively.

(2) Reflects net of derivatives assets at fair value and derivative liabilities at fair value, as recorded in our condensed consolidated statement of operations, excluding mortgage commitments.

Fee and Other Income

(dollars in millions)	2007	2006
Transaction Fees	$ 117	$ 124
Technology Fees	265	216
Multifamily fees	307	292
Foreign Currency exchange gains (losses)	(190)	(230)
Other	252	270
Fee and other income	$ 751	$ 672

- Foreign currency translation losses are offset by corresponding net gains on foreign currency swaps, which are recognized in “Derivatives fair value gains (losses), net”.

Selected Financial and Operating Statistics

	2007	2006
Ratios:		
Return on assets ratio	-0.30%	0.42%
Return on equity ratio	-8.3%	11.3%
Equity to assets ratio	4.8%	4.8%
Dividend payout ratio	N/A	32.4%
Average effective guaranty fee rate (basis points)	23.7	22.2
Credit loss ratio (basis points)	5.3	2.2

Refer to 2007 10-K, Item 6 for definitions of ratios in above table

Note: Credit loss ratio for all periods excludes the impact of SOP 03-3, which requires that loans purchased out of MBS trusts be marked to fair value at the time of acquisition.

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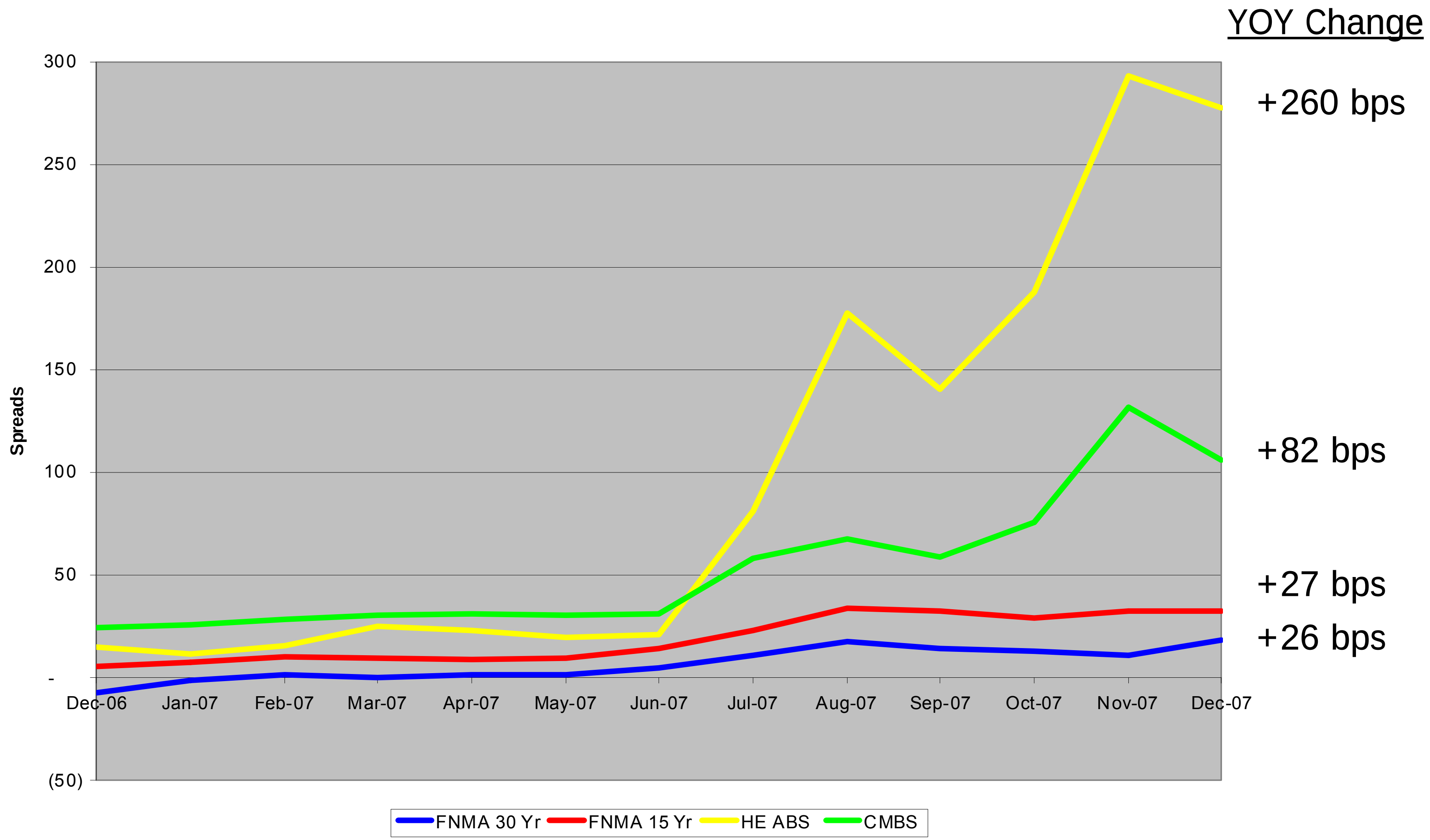
Mortgage Securities – Held For Trading

$ amounts in billions
****gains/(losses) pre-tax***

Product	UPB 12.31.2007	Fair Value Adoption 01.01.2008	Total	Spread Sensitivity (OAS +1 bp)	Rate Sensitivity (+ 1 bp)
Fixed Rate MBS	21.5	18.3	39.8	(0.014)	(0.012)
ARM MBS	7.4	0.0	7.4	(0.002)	(0.001)
Agency CMO	14.2	0.0	14.2	(0.005)	(0.003)
PLS	10.0	0.0	10.0	(0.002)	(0.001)
CMBS	11.0	0.0	11.0	(0.007)	(0.007)
Muni	0.8	0.0	0.8	(0.001)	(0.001)
Total Assets	64.8	18.3	83.1	(0.031)	(0.025)
Derivatives	881.0	-	881.0	-	0.048
Net				(0.031)	0.023

Option Adjusted Spreads (OAS) – Lehman



Source: LehmanLive®

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The following sets forth a reconciliation of the estimated fair value of our net assets (non-GAAP) to total stockholders' equity (GAAP). A more detailed reconciliation is contained in Table 33 of the 2007 Form 10-K.

(Dollars in millions)	As of December 31,	
	2007	2006
Estimated Fair Value of Net Assets, net of tax effect (non-GAAP)............................	$ 35,799	$ 43,699
Fair value adjustments..............................	8,212 (1)	(2,193) (2)
Total Stockholders' Equity (GAAP)....................	$ 44,011	$ 41,506

(1) Represents fair value increase of $11.0 billion to total assets of $893.5 billion less a fair value increase of $19.2 billion to total liabilities of $857.6 billion.

(2) Represents fair value increase of $2.4 billion to total assets of $846.4 billion, plus a fair value increase of $0.2 billion to total liabilities of $802.5 billion.