Supplement dated January 19, 2001 to
Information Statement dated March 30, 2000

FannieMae®

This Supplement describes the financial condition of the Federal National Mortgage Association ("Fannie Mae") as of December 31, 2000 and contains unaudited financial information with respect to Fannie Mae for the quarter and year ended December 31, 2000. This Supplement should be read in conjunction with Fannie Mae's Information Statement dated March 30, 2000 (the "Information Statement") and the Supplements dated May 15, 2000, August 14, 2000, and November 14, 2000 thereto (the "Prior Supplements"), which are hereby incorporated by reference. The Information Statement describes the business and operations of Fannie Mae and contains financial data as of December 31, 1999. The May 15, 2000, August 14, 2000, and November 14, 2000 Supplements describe the financial condition of Fannie Mae as of March 31, 2000, June 30, 2000, and September 30, 2000, respectively, and contain unaudited financial statements with respect to Fannie Mae for the quarters and year-to-date periods then ended. In addition, the Prior Supplements discuss certain other developments that may affect Fannie Mae. Fannie Mae also periodically makes available statistical information on its mortgage purchase and mortgage-backed securities volumes as well as other relevant information about Fannie Mae. Copies of Fannie Mae's current Information Statement, the Prior Supplements, this Supplement, and other available information can be obtained without charge from the Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (telephone: 202/752-7115). The Information Statement and any supplements thereto can also be accessed on Fannie Mae's worldwide website at http://www.fanniemae.com.

In connection with its securities offerings, Fannie Mae may incorporate this Supplement by reference in one or more other documents describing the securities offered thereby, the selling arrangements therefor and other relevant information. Such other documents may be called an Offering Circular, a Prospectus or otherwise. This Supplement does not offer any securities for sale.

Fannie Mae is a federally chartered corporation. Its principal office is located at 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (202/752-7000). Its Internal Revenue Service employer identification number is 52-0883107.

Fannie Mae's securities are not required to be registered under the Securities Act of 1933. At the close of business on December 31, 2000, approximately 999 million shares of Fannie Mae's common stock (without par value) were outstanding.

The delivery of this Supplement at any time shall not under any circumstances create an implication that there has been no change in the affairs of Fannie Mae since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

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SELECTED FINANCIAL DATA

Selected Financial Information

The following selected financial information for the three-month periods ended December 31, 2000 and 1999 and the year ended December 31, 2000 are unaudited and include, in the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation. Selected financial information for the year ended December 31, 1999 has been summarized or derived from the audited financial statements and other financial information in the Information Statement. Such information should be read in conjunction with the audited financial statements and notes to financial statements for the year ended December 31, 1999.

(Dollars and shares in millions, except per common share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
Income Statement Data:				
Interest income	$ 11,581	$ 9,569	$ 42,781	$ 35,495
Interest expense	(10,095)	(8,263)	(37,107)	(30,601)
Net interest income	1,486	1,306	5,674	4,894
Guaranty fees	339	325	1,351	1,282
Fee and other income (expense)	1	45	(44)	191
Credit-related expenses	(21)	(19)	(94)	(127)
Administrative expenses	(232)	(206)	(905)	(800)
Income before federal income taxes and extraordinary item	1,573	1,451	5,982	5,440
Provision for federal income taxes	(406)	(413)	(1,566)	(1,519)
Income before extraordinary item	1,167	1,038	4,416	3,921
Extraordinary gain (loss) net of tax effect	(3)	—	32	(9)
Net income	1,164	1,038	4,448	3,912
Preferred stock dividends	(35)	(20)	(121)	(78)
Net income available to common stockholders	$ 1,129	$ 1,018	$ 4,327	$ 3,834
Earnings per common share:				
Basic:				
Earnings before extraordinary item	$ 1.13	$ 1.00	$ 4.28	$ 3.75
Extraordinary gain (loss)	—	—	.03	—
Net earnings	$ 1.13	$ 1.00	$ 4.31	$ 3.75
Diluted:				
Earnings before extraordinary item	$ 1.13	$ .99	$ 4.26	$ 3.73
Extraordinary gain (loss)	(.01)	—	.03	(.01)
Net earnings	$ 1.12	$ .99	$ 4.29	$ 3.72
Cash dividends	$ .28	$ .27	$ 1.12	$ 1.08

Balance Sheet Data at December 31:	2000	1999
Mortgage portfolio, net	$ 607,399	$ 522,780
Investments	54,968	39,751
Total assets	675,072	575,167
Borrowings:		
Due within one year	280,322	226,582
Due after one year	362,360	321,037
Total liabilities	654,234	557,538
Stockholders' equity	20,838	17,629
Capital(1)	21,645	18,430

	Three Months Ended December 31,		Year Ended December 31,	
Other Data:	2000	1999	2000	1999
Total taxable-equivalent revenue(2)	$ 2,052	$ 1,818	$ 7,825	$ 6,975
Average net interest margin	.99%	1.01%	1.01%	1.01%
Return on average common equity	25.3	25.5	25.6	25.2
Dividend payout ratio	24.7	27.0	26.0	28.9
Average effective guaranty fee rate	.193	.193	.195	.193
Credit loss ratio(3)	.007	.006	.007	.011
Ratio of earnings to combined fixed charges and preferred stock dividends(4)	1.15:1	1.17:1	1.16:1	1.17:1
Mortgage purchases	$ 52,959	$ 36,156	$ 154,231	$ 195,210
MBS issued	67,420	49,912	211,662	300,689
MBS outstanding at period end(5)	1,057,750	960,883	1,057,750	960,883
Weighted-average diluted common shares outstanding	1,005	1,027	1,009	1,031

(1) Stockholders' equity plus general allowance for losses.

(2) Includes revenues net of operating losses plus taxable-equivalent adjustments for tax-exempt income and investment tax credits using the applicable federal income tax rate.

(3) Charge-offs and foreclosure expense as a percentage of average net portfolio and average net MBS outstanding (annualized).

(4) "Earnings" consists of (i) income before federal income taxes and extraordinary item and (ii) fixed charges. "Fixed charges" represents interest expense.

(5) Includes $351 billion and $282 billion of MBS held in portfolio at December 31, 2000 and 1999, respectively.

Other Financial Information

Additional information regarding Fannie Mae's earnings and other specific measures of Fannie Mae's performance for the quarter and year ended December 31, 2000 is presented below.

Net Income

Net income for the fourth quarter of 2000 was $1.164 billion, compared with net income of $1.038 billion for the fourth quarter of 1999. Net income for 2000 increased $536 million to $4.448 billion from $3.912 billion in 1999. The increase in net income for the year was mainly attributable to an increase in net interest income and guaranty fees and a decline in credit-related expenses.

Fannie Mae's taxable-equivalent revenue totaled $2.052 billion in the fourth quarter of 2000, a 13 percent increase over the comparable prior year period. Fannie Mae generated $7.825 billion in taxable-equivalent revenue for 2000, a 12 percent increase over 1999. Taxable-equivalent revenue is total revenue net of operating losses adjusted to include the full pre-tax value of tax-exempt income and investment tax credits based on applicable federal income tax rates. The growth in taxable-equivalent revenue in both periods was primarily attributable to increases in net interest income.

Investment Portfolio

Net interest income increased to $1.486 billion in the fourth quarter of 2000 from $1.306 billion in the fourth quarter of 1999 as a 17 percent increase in the average net investment balance more than offset a decline in the average net interest margin. The net interest margin was 99 basis points in the fourth quarter of 2000 compared with 101 basis points in the fourth quarter of 1999. Net interest income in 2000 increased to $5.674 billion from $4.894 billion in 1999. The increase in net interest income for the year was a result of a 16 percent increase in the average net investment balance and a stable average net interest margin of 101 basis points.

Fannie Mae's net investment balance—mortgage loans held, less unamortized discount and deferred price adjustments, plus other investments—was $663 billion at the end of 2000, compared with $565 billion at the end of 1999.

Fannie Mae's net mortgage portfolio was $607 billion at the end of 2000, compared with $523 billion at the end of 1999.

Mortgage Commitments and Purchases

Mandatory commitments issued to purchase mortgages from lenders, net of commitments to sell mortgages, were $152 billion in 2000, compared with $182 billion in 1999. Mandatory commitments issued, net of commitments to sell, were $50 billion in the fourth quarter of 2000, compared with $29 billion in the fourth quarter of 1999.

Fannie Mae purchased $154 billion of mortgages in 2000, compared with $195 billion in 1999. Purchases were $53 billion in the fourth quarter of 2000, compared with $36 billion in the fourth quarter of 1999. Mortgage sales were $11 billion in 2000, compared with $6 billion in 1999. In the fourth quarter of 2000, mortgage sales were $1 billion, compared with $3 billion in the fourth quarter of 1999.

MBS

Guaranty fee income was $339 million in the fourth quarter of 2000, compared with $325 million in the fourth quarter of 1999. In 2000, guaranty fee income was $1.351 billion, compared with $1.282 billion in 1999. The increase in guaranty fee income for the year primarily resulted from a 4 percent increase in average net MBS outstanding and a .2 basis point increase in the average effective guaranty fee rate. The average effective guaranty fee rate increased during the year because of slower growth in the percentage of MBS issued with credit-sharing arrangements, an increase in higher fee-rate business, and a decline in the liquidation of older, higher fee rate business.

Fannie Mae issued $67 billion of MBS in the fourth quarter of 2000, compared with $50 billion in the fourth quarter of 1999. MBS issues totaled $212 billion in 2000, compared with $301 billion in 1999.

MBS outstanding at the end of 2000 totaled $1.058 trillion, compared with $961 billion at the end of 1999. MBS outstanding, net of MBS held in portfolio, was $707 billion at the end of 2000, compared with $679 billion at the end of 1999.

Fee and Other Income (Expense)

Fee and other income (expense) totaled $1 million of income in the fourth quarter of 2000, compared with $45 million of income in the fourth quarter of 1999. The decrease was primarily the result of an increase in net operating losses on tax-advantaged investments. In 2000, fee and other income (expense) totaled $44 million of expense, compared with $191 million of income in 1999. The decrease for the year was primarily the result of an increase in net operating losses on certain tax-advantaged investments and a reduction in other miscellaneous income. The decline in other miscellaneous income was partially attributable to the recognition of a hedge loss on a Benchmark Note issue recorded in the second quarter of 2000. Fee and other income includes technology fees, transaction fees, multifamily fees, as well as other miscellaneous items, and is net of operating losses from certain tax-advantaged investments.

Extraordinary Gain (Loss)

Debt called or repurchased in the fourth quarter of 2000 totaled $13 billion, compared with $3 billion in the fourth quarter of 1999. Debt called or repurchased in 2000 totaled $18 billion, compared with $42 billion in 1999.

There were $4 million ($3 million after tax) of losses from the call or repurchase of debt in the fourth quarter of 2000, compared with no gains or losses in the fourth quarter of 1999. Net gains from the call or repurchase of debt were $49 million ($32 million after tax) in 2000, compared with net losses of $14 million ($9 million after tax) in 1999.

Foreclosures and Inventory of Acquired Properties

Fannie Mae acquired 3,398 conventional single-family properties through foreclosure in the fourth quarter of 2000, compared with 3,871 properties in the fourth quarter of 1999. Single family property acquisitions were 14,351 in 2000, compared with 16,806 in 1999. The inventory of single-family acquired properties totaled 6,414 properties at December 31, 2000, compared with 7,104 at December 31, 1999.

Credit-Related Expenses and Loan Charge-Offs

Total credit-related expenses, which include foreclosed property expenses and the provision for losses, were $21 million in the fourth quarter of 2000, compared with $19 million in the fourth quarter of 1999. Total credit-related expenses were $94 million in 2000, compared with $127 million in 1999.

The provision for losses was a negative $30 million in the fourth quarter of 2000 compared with a negative $35 million in the fourth quarter of 1999. In 2000, the provision for losses was a negative $120 million, unchanged from 1999. Foreclosed property expenses totaled $51 million in the fourth quarter of 2000, compared with $54 million in the fourth quarter of 1999. Foreclosed property expenses were $214 million in 2000, compared with $247 million in 1999.

In the fourth quarter of 2000, charge-off recoveries were $28 million, compared with $34 million in the fourth quarter of 1999. Charge-off recoveries were $125 million in 2000, compared with $123 million in 1999.

The allowance for losses was $809 million at December 31, 2000, compared with $804 million at December 31, 1999.

Administrative Expenses

Administrative expenses totaled $232 million in the fourth quarter of 2000, compared with $206 million in the fourth quarter of 1999. In 2000, administrative expenses were $905 million, compared with $800 million in 1999.

Income Taxes

Federal income tax expense, net of the tax impact from extraordinary items was $405 million in the fourth quarter of 2000, compared with $413 million in the fourth quarter of 1999. The effective tax rate was 26 percent in the fourth quarter of 2000, compared with 28 percent in the fourth quarter of 1999. Federal income tax expense, net of the tax impact from extraordinary items, was $1.583 billion in 2000, compared with $1.514 billion in 1999. The effective federal income tax rate was 26 percent in 2000, compared with 28 percent in 1999. The decrease in the effective tax rate was due primarily to tax benefits associated with investments qualifying for low-income housing tax credits.

Capital

Fannie Mae's capital, defined as stockholders' equity plus the general allowance for losses, was $21.6 billion at December 31, 2000, compared with $18.4 billion at December 31, 1999.

During the year, Fannie Mae repurchased 25 million shares of common stock. Fannie Mae did not repurchase any shares of common stock during the fourth quarter of 2000. Fannie Mae issued $978 million of preferred stock in 2000. As of December 31, 2000, Fannie Mae had approximately 999 million shares of common stock outstanding.

As discussed in the Information Statement under ''Management's Discussion and Analysis of Financial Condition and Results of Operation—Balance Sheet Analysis—Regulatory Capital Requirements,'' Fannie Mae is subject to capital standards. Fannie Mae met the applicable capital standards as of December 31, 2000.

CAPITALIZATION

The following table sets forth the capitalization of Fannie Mae as of December 31, 2000.

	Average Maturity		Average Cost(1)	Outstanding (Dollars in millions)
Debentures, notes, and bonds, net:				
Due within one year:				
Short-term notes		3 mos.	6.50%	$178,291
Universal Benchmark		5 mos.	5.71	6,984
Universal Retail		3 mos.	6.62	785
Universal Short-term other		6 mos.	6.59	41,457
Universal Standard		9 mos.	6.02	51,185
Other(2)		—	6.37	1,620
Total due within one year				280,322
Due after one year:				
Universal Benchmark	7 yrs.	2 mos.	6.42	185,771
Universal Retail	6 yrs.	9 mos.	6.82	7,083
Universal Standard	5 yrs.		6.42	165,680
Other	16 yrs.		8.58	3,826
Total due after one year				362,360
Total debentures, notes, and bonds, net				$642,682
Stockholders' equity:				
Preferred stock, $50.00 stated value, 100 million shares authorized— 46 million shares outstanding				$ 2,278
Common stock, $.525 stated value, no maximum authorization— 1,129 million shares outstanding				593
Additional paid-in capital				1,588
Retained earnings				21,619
Accumulated other comprehensive income				10
				26,088
Less treasury stock, at cost— 130 million shares				5,250
Total stockholders' equity				$ 20,838

(1) Represents weighted-average cost, which includes the amortization of discounts, premiums, issuance costs, hedging results and the effects of currency and debt swaps.

(2) Average maturity is indeterminate because the outstanding amount includes investment agreements that have varying maturities.

Fannie Mae issues debentures, notes and other debt obligations frequently. The amount of debentures, notes and bonds outstanding on any date subsequent to December 31, 2000 may differ from that shown in the table above.

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