

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person * <u>WILLIAMS MICHAEL J</u> _____ (Last) (First) (Middle) <u>3900 WISCONSIN AVENUE, NW</u> _____ (Street) <u>WASHINGTON DC 20016</u> _____ (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>FEDERAL NATIONAL MORTGAGE ASSOCIATION FANNIE MAE [FNM]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>EVP & COO</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>10/17/2006</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/20/2005		G ⁽¹⁾		6,000	A	\$0.00	157,393.095	D	
Common Stock	10/17/2006		M		13,310 ⁽²⁾	A	\$39.44	170,703.095	D	
Common Stock	10/17/2006		F		10,951 ⁽³⁾	D	\$57.91	159,752.095 ⁽⁴⁾⁽⁵⁾⁽⁶⁾	D	
Common Stock								846.747 ⁽⁷⁾	I	By ESOP
Common Stock								700 ⁽⁸⁾	I	By Reporting Person as UGMA custodian for daughter

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Employee Stock Option (right to buy)	\$39.44	10/17/2006		M			13,310	11/19/1997	11/19/2006	Common Stock	13,310	\$0.00	0	D	

Explanation of Responses:

- The reported transaction represents a transfer of shares held by the reporting person's spouse into an account held jointly with the reporting person.
- These shares were received upon the exercise of employee stock options due to expire in November 2006.
- These shares were withheld by Fannie Mae for payment of the exercise price and tax liability upon the reporting person's stock option exercise.
- Under Fannie Mae's Performance Share Program, as a member of Fannie Mae's senior management, the reporting person has previously received awards that entitle the reporting person to receive shares of Fannie Mae common stock in an amount based upon and subject to Fannie Mae's meeting corporate performance objectives over three-year periods. Generally, Fannie Mae's Compensation Committee determines in January of the year following completion of the cycle the number of shares of common stock each awardee is entitled to receive, and the shares are paid out in two equal annual installments beginning that January. (Footnote 4 is continued in 5 below.)
- For the three-year performance cycle completed in 2003, the reporting person was determined in January 2004 to be entitled to receive 23,850 shares, of which the reporting person received 11,925 shares in accordance with the program and the balance was scheduled to be received in January 2005. As previously announced, Fannie Mae's Board of Directors and Compensation Committee have determined to defer payment of unpaid performance shares for the performance cycle completed in 2003 until reliable financial data for the relevant period are available. As a result, 11,925 shares scheduled to be issued to the reporting person in January 2005 have not yet been issued. These shares are included in the reporting person's total holdings above.
- End of period holdings include additional shares acquired under the Issuer's dividend reinvestment plan through August 25, 2006.
- End of period holdings include additional shares acquired from the reinvestment of dividends in issuer's ESOP through August 25, 2006.
- The reporting person no longer has a reportable beneficial ownership interest in 700 shares of the Issuer's common stock owned by his other daughter and included in the reporting person's prior ownership reports.

Remarks:

/s/ Michael J. Williams 10/19/2006
 ** Signature of Reporting Person Date

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.