UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 5, 2009

Federal National Mortgage Association

(Exact name of registrant as specified in its charter)

Federally chartered corporation	**000-50231**	**52-0883107**
(State or other jurisdiction of incorporation)	*(Commission File Number)*	*(IRS Employer Identification Number)*

3900 Wisconsin Avenue, NW **Washington, DC**	**20016**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: 202-752-7000

(Former Name or Former Address, if Changed Since Last Report): ____________________

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

The information in this report, including information in the exhibits submitted herewith, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of Section 18, nor shall it be deemed incorporated by reference into any disclosure document relating to Fannie Mae (formally known as the Federal National Mortgage Association), except to the extent, if any, expressly incorporated by specific reference in that document.

Item 2.02 Results of Operations and Financial Condition

On November 5, 2009, Fannie Mae filed its quarterly report on Form 10-Q for the quarter ended September 30, 2009 and issued a news release reporting its financial results for the periods covered by the Form 10-Q. The news release, a copy of which is furnished as Exhibit 99.1 to this report, is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On November 5, 2009, Fannie Mae posted to its Web site a Third Quarter Credit Supplement presentation consisting primarily of information about Fannie Mae’s guaranty book of business. The presentation, a copy of which is furnished as Exhibit 99.2 to this report, is incorporated herein by reference. Fannie Mae’s Web site address is www.fanniemae.com. Information appearing on the company’s Web site is not incorporated into this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The exhibit index filed herewith is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By /s/ David M. Johnson
David M. Johnson
Executive Vice President and Chief Financial Officer

Date: November 5, 2009

EXHIBIT INDEX

The following exhibits are submitted herewith:

Exhibit Number	Description of Exhibit
99.1	News release, dated November 5, 2009
99.2	2009 Third Quarter Credit Supplement presentation, dated November 5, 2009

FannieMae NEWS RELEASE

Resource Center: 1-800-732-6643

Contact: Brian Faith
202-752-6720

Number: 4845a

Date: November 5, 2009

Fannie Mae Reports Third-Quarter 2009 Results

WASHINGTON, DC – Fannie Mae (FNM/NYSE) reported a net loss of $18.9 billion in the third quarter of 2009, compared with a loss of $14.8 billion in the second quarter of 2009. Including $883 million of dividends on our senior preferred stock held by the U.S. Department of Treasury, the net loss attributable to common stockholders was $19.8 billion, or ($3.47) per diluted share, in the third quarter of 2009, compared with a loss of $15.2 billion, or ($2.67) per diluted share, in the second quarter of 2009. Third-quarter results were largely due to $22.0 billion of credit-related expenses, reflecting the continued build of the company's combined loss reserves and fair value losses associated with the increasing number of loans that were acquired from mortgage-backed securities trusts in order to pursue loan modifications.

The loss resulted in a net worth deficit of $15.0 billion as of September 30, 2009, taking into account unrealized gains on available-for-sale securities during the third quarter. As a result, on November 4, 2009, the Acting Director of the Federal Housing Finance Agency (FHFA) submitted a request for $15.0 billion from Treasury on the company's behalf. FHFA has requested that Treasury provide the funds on or prior to December 31, 2009.

The company continued to concentrate on preventing foreclosures and providing liquidity to the mortgage market during the third quarter of 2009, with much of our effort focused on the Making Home Affordable Program. As of September 30, 2009, approximately 189,000 Fannie Mae loans were in a trial period or a completed modification under the Home Affordable Modification Program. In addition, we completed loan workouts outside of the Home Affordable Modification Program, including modifications, HomeSaver Advances™, repayment plans and forbearances, preforeclosure sales, and deeds in lieu of foreclosure, that we describe further in "Other Home-Retention and Foreclosure-Prevention Efforts" below.

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SUMMARY OF THIRD-QUARTER 2009 FINANCIAL RESULTS

(dollars in millions, except per share amounts)	3Q09	2Q09	Variance	3Q09	3Q08	Variance
Net interest income	$ 3,830	$ 3,735	$ 95	$ 3,830	$ 2,355	$ 1,475
Guaranty fee income	1,923	1,659	264	1,923	1,475	448
Trust management income	12	13	(1)	12	65	(53)
Fee and other income	182	184	(2)	182	164	18
Net revenues	5,947	5,591	356	5,947	4,059	1,888
Investment gains (losses), net (1)	785	(45)	830	785	219	566
Net other-than-temporary impairments(1)	(939)	(753)	(186)	(939)	(1,843)	904
Fair value gains (losses), net (2)	(1,536)	823	(2,359)	(1,536)	(3,947)	2,411
Losses from partnership investments	(520)	(571)	51	(520)	(587)	67
Administrative expenses	(562)	(510)	(52)	(562)	(401)	(161)
Credit-related expenses (3)	(21,960)	(18,784)	(3,176)	(21,960)	(9,241)	(12,719)
Other non-interest expenses (1)(4)	(242)	(508)	266	(242)	(172)	(70)
Net losses and expenses	(24,974)	(20,348)	(4,626)	(24,974)	(15,972)	(9,002)
Loss before federal income taxes and extraordinary losses	(19,027)	(14,757)	(4,270)	(19,027)	(11,913)	(7,114)
Benefit (provision) for federal income taxes	143	(23)	166	143	(17,011)	17,154
Extraordinary losses, net of tax effect	—	—	—	—	(95)	95
Net loss	(18,884)	(14,780)	(4,104)	(18,884)	(29,019)	10,135
Less: Net (income) loss attributable to the noncontrolling interest	12	26	(14)	12	25	(13)
Net loss attributable to Fannie Mae	$ (18,872)	$ (14,754)	$ (4,118)	$ (18,872)	$ (28,994)	$ 10,122
Preferred stock dividends	(883)	(411)	(472)	(883)	(419)	(464)
Net loss attributable to common stockholders	$ (19,755)	$ (15,165)	(4,590)	$ (19,755)	$ (29,413)	9,658
Diluted loss per common share	$ (3.47)	$ (2.67)	$ (0.80)	$ (3.47)	$ (13.00)	$ 9.53

(1) Prior to the April 2009 change in impairment accounting described in our quarterly report on Form 10-Q for the period ended September 30, 2009, net other-than-temporary impairments also included the non-credit portion, which in subsequent periods is recorded in other comprehensive income. Certain prior period amounts have been reclassified to conform with the current period presentation in our condensed consolidated statements of operations.

(2) Consists of the following: (a) derivatives fair value gains (losses), net; (b) trading securities gains (losses), net; (c) hedged mortgage assets gains (losses), net; (d) debt foreign exchange gains (losses), net; and (e) debt fair value gains (losses), net.

(3) Consists of provision for credit losses and foreclosed property expense.

(4) Consists of the following: (a) debt extinguishment gains (losses), net; and (b) other expenses.

Net revenue was $5.9 billion in the third quarter of 2009, up 6 percent from $5.6 billion in the second quarter of 2009:

- Net interest income was $3.8 billion, up 3 percent from $3.7 billion in the second quarter of 2009, as lower funding costs more than offset a decline in the average yield on our interest-earning assets.

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- Guaranty fee income was $1.9 billion, up 16 percent from $1.7 billion in the second quarter of 2009. Our average effective guaranty fee rate increased due to an increase in the fair value of buy-ups and certain guaranty assets. Average outstanding Fannie Mae mortgage-backed securities and other guarantees also increased.

Credit-related expenses, which are the total provision for credit losses plus foreclosed property expense, were $22.0 billion, compared with $18.8 billion in the second quarter of 2009. The primary drivers of credit-related expenses were increases in fair value charges related to our acquisition of credit-impaired loans from MBS trusts and the continuing build of our combined loss reserves. The increase in fair value charges in the third quarter accounted for all of the increase in credit-related expenses compared with the second quarter.

Fair value losses associated with acquiring credit-impaired loans from MBS trusts increased $5.5 billion in the third quarter to $7.7 billion due to the rising volume of loan workouts, including modifications under the Home Affordable Modification Program. When our acquisition cost of a credit-impaired loan exceeds its estimated fair value, we record a fair value loss at the time we acquire the loan. These charges are recorded as part of our provision for credit losses, which increased to $21.9 billion, compared with $18.2 billion in the second quarter of 2009.

Including the effect of $7.7 billion of fair value losses described above, our provision for credit losses exceeded net charge-offs of $11.1 billion by $10.8 billion, as we continued to build our combined loss reserves, which represent our current estimate of probable losses incurred in our guaranty book of business as of September 30, 2009. The credit performance of loans in our guaranty book of business continued to deteriorate, as high unemployment and cumulative declines in home prices have increased stress on a broad segment of borrowers. In addition, certain states, higher-risk loan product types, and our 2006 and 2007 vintages continued to account for a disproportionate share of delinquencies and credit losses.

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The seriously delinquent loans in our single-family book of business, which we define as those loans 90 or more days delinquent or in the process of foreclosure, increased and aged during the third quarter. This was caused by a greater number of loans that transitioned to seriously delinquent status, while the proportion of already seriously delinquent loans that cured or transitioned to completed foreclosures declined. Factors contributing to the increase in serious delinquencies included: high unemployment that hampered the ability of many delinquent borrowers to cure their delinquencies; Home Affordable Modifications in trial periods, which remain classified as delinquent; our directive that servicers delay foreclosure sales until other alternatives, including Home Affordable Modification, have been exhausted; and, the slowdown in the legal process for foreclosures in a number of states. Our proportion of seriously delinquent loans over 180 days past due represented 55 percent of seriously delinquent loans as of September 30, 2009.

We expect that our credit losses and credit loss ratio will continue to increase for the remainder of 2009 and during 2010. However, we also believe that, absent further economic deterioration, our credit-related expenses will be less in 2010 than in 2009.

Combined loss reserves were $65.9 billion on September 30, 2009, up from $55.1 billion on June 30, 2009, and $24.8 billion on December 31, 2008. The combined loss reserves were 2.14 percent of our guaranty book of business on September 30, 2009, compared with 1.80 percent on June 30, 2009, and 0.83 percent on December 31, 2008.

Total nonperforming loans in our guaranty book of business were $198.3 billion, compared with $171.0 billion on June 30, 2009, and $119.2 billion on December 31, 2008. The carrying value of our foreclosed properties was $7.3 billion, compared with $6.2 billion on June 30, 2009, and $6.6 billion on December 31, 2008.

Net fair value losses were $1.5 billion, compared with a net fair value gain of $823 million in the second quarter of 2009. Net gains of $1.7 billion on our trading securities were due primarily to narrowing spreads on commercial mortgage-backed securities, as well as from the decline in interest rates. These gains were more than offset by $3.1 billion in derivatives fair value losses due to a decrease in swap rates, the time decay of our purchased options, and losses on our mortgage commitments.

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Net other-than-temporary impairment was $939 million, compared with $753 million in the second quarter of 2009. The impairments were driven by increased loss expectations on our private-label securities, primarily from Alt-A securities.

We provide further discussion of our financial results and condition, credit performance, fair value balance sheets and other matters in our quarterly report on Form 10-Q for the quarter ended September 30, 2009, which was filed today with the Securities and Exchange Commission. Further information about our credit performance, the characteristics of our guaranty book of business, the drivers of our credit losses, our foreclosure-prevention efforts, and other measures is contained in the "2009 Third Quarter Credit Supplement" on Fannie Mae's Web site, www.fanniemae.com.

NET WORTH AND U.S. TREASURY FUNDING

We had a net worth deficit of $15.0 billion as of September 30, 2009. As noted above, the Acting Director of FHFA has requested $15.0 billion of funds from Treasury on our behalf under the terms of the senior preferred stock purchase agreement between Fannie Mae and Treasury to eliminate our net worth deficit as of September 30, 2009. On September 30, 2009, Treasury provided to us $10.7 billion under the terms of the senior preferred stock purchase agreement to cure our net worth deficit as of June 30, 2009. As a result of this draw, the aggregate liquidation preference of the senior preferred stock increased from $35.2 billion to $45.9 billion as of September 30, 2009. It will increase to $60.9 billion upon the receipt of funds from Treasury to eliminate our third-quarter 2009 net worth deficit. We expect to have a net worth deficit in future periods, and therefore will be required to obtain additional funding from Treasury pursuant to the senior preferred stock purchase agreement.

FAIR VALUE UPDATE

Our estimated fair value net asset deficit was $90.4 billion as of September 30, 2009, compared with $102.0 billion as of June 30, 2009. The deficit as of September 30, 2009 reflected the benefit of $10.7 billion of capital received from Treasury in the third quarter under the senior preferred stock purchase agreement. Excluding the benefit of capital received from the Treasury in the third quarter, our estimated fair value net asset deficit remained relatively flat as compared with the second quarter, driven by continued deterioration in the fair value of our guaranty book of business, offset by favorable changes in the spread between mortgage assets and associated debt and derivatives.

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MAKING HOME AFFORDABLE

During the third quarter of 2009, we continued to focus our home-retention, foreclosure-prevention, and refinance efforts on the Making Home Affordable Program, which has been updated to expand the benefits available through the program to more borrowers.

Home Affordable Modification Program

In August and September 2009, Treasury issued guidance under the Home Affordable Modification Program to address the fact that, in many cases, lenders did not receive the documentation required to complete a modification within the time period initially required, even though the borrowers made payments on their trial modifications. Under the guidance, servicers may offer borrowers a grace period to send in the necessary documents to complete their modifications. In October, Treasury issued additional guidance that streamlined the borrower documentation required for modifying a loan under the program and further extended the grace period.

We recently provided guidance to servicers that, beginning December 1, 2009, a Home Affordable Modification should not be offered on a Fannie Mae loan without our consent if the estimated value of not modifying the loan would exceed the estimated value of modifying the loan by more than $5,000.

Our volumes under the Home Affordable Modification Program increased in the third quarter, with approximately 189,000 Fannie Mae loans, as noted above, either in a trial modification period or having completed modification as of September 30, 2009, as reported by servicers to the system of record for the Home Affordable Modification Program. In the coming months, we expect the pace of new trial modifications being initiated to moderate as servicers focus on converting modifications currently in trial periods into completed modifications.

In addition to participating in the Home Affordable Modification Program, Fannie Mae serves as the program administrator. As of September 30, 2009, over 60 servicers had signed up to offer modifications on non-agency loans under the program.

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On October 8, 2009, Treasury announced that, as of September 30, 2009, approximately 487,000 loans were in a trial period or a completed modification under the Home Affordable Modification Program as a whole. Treasury also said that the goal it set in July 2009 of having 500,000 trial modifications in progress by November 1, 2009 had been achieved. Most of the trial modifications are in a required trial period, or in the grace period for borrowers to submit necessary documentation, and therefore are not yet eligible to convert into completed modifications.

Home Affordable Refinance Program

In July 2009, FHFA announced authorization for us to expand the Home Affordable Refinance Program to permit refinancings of borrowers' existing mortgage loans that have an unpaid principal balance of up to 125 percent of the current value of the property, an increase from the program's initial 105 percent limit. We began acquiring these mortgage loans on September 1, 2009.

During the third quarter of 2009, we acquired or guaranteed approximately 626,000 loans that were refinances. Approximately 136,000 loans represented refinances through our Refi Plus™ initiatives, including approximately 46,000 loans that were refinanced under the Home Affordable Refinance Program. Our refinance acquisitions during the third quarter of 2009 reflect the many second quarter loan applications closed and delivered during the third quarter. We believe the most significant factor that will affect the number of borrowers refinancing under the Home Affordable Refinance Program is mortgage interest rates.

Additional information about the Home Affordable Refinance Program and the Home Affordable Modification Program, including a description of eligibility requirements, is available at www.MakingHomeAffordable.gov.

The Making Home Affordable Program will likely have a material adverse effect on our business, results of operations, and financial condition, including our net worth. To the extent that the program is successful in reducing foreclosures and keeping borrowers in their homes, however, it may benefit the overall housing market and help in reducing our long-term credit losses as long as other factors, such as continued declines in home prices or continuing high unemployment, do not result in the need for a significant number of new solutions for borrowers.

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OTHER HOME-RETENTION AND FORECLOSURE-PREVENTION EFFORTS

Fannie Mae took a number of other home-retention and foreclosure-prevention actions (including those undertaken in conjunction with our servicing partners) during the third quarter of 2009. The following information does not include trial modifications under the Home Affordable Modification Program or repayment and forbearance plans that were initiated but not completed as of September 30, 2009:

- **Loan modifications** of 27,686, compared with 16,684 in the second quarter of 2009. This figure includes completed modifications under the Home Affordable Modification Program, but the increase was due primarily to borrowers who received modifications outside of the program.
- **HomeSaver Advance™ loans** of 4,347, compared with 11,662 in the second quarter of 2009. The number of HomeSaver Advances fell in the third quarter as an increasing number of borrowers were offered trial modifications under the Home Affordable Modification Program.
- **Repayment plans/forbearances** completed of 5,398, compared with 4,752 in the second quarter of 2009.
- **Preforeclosure sales** and **deeds-in-lieu of foreclosure** of 11,827, compared with 8,360 in the second quarter of 2009.

We acquired 40,959 single-family real estate-owned (“REO”) properties through foreclosure in the third quarter of 2009, compared with 32,095 in the second quarter of 2009. As of September 30, 2009, our inventory of single-family REO properties was 72,275, compared with 62,615 at the end of the second quarter of 2009.

Our single-family foreclosure rate, which reflects the annualized number of single-family properties acquired through foreclosure as a percentage of the total number of loans in our conventional single-family mortgage credit book of business, was 0.72 percent on an annualized basis for the third quarter of 2009, compared with 0.63 percent for the second quarter of 2009.

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Business and Liquidity Update

Our mortgage credit book of business increased to $3.23 trillion as of September 30, 2009, from $3.19 trillion as of June 30, 2009, and from $3.11 trillion on December 31, 2008. New business acquisitions — Fannie Mae MBS issuances acquired by others and our mortgage portfolio purchases — were $234.7 billion in the third quarter, compared with $239.8 billion in the second quarter of 2009. Our estimated market share of new single-family mortgage-related securities issuance was 44.0 percent in the third quarter of 2009.

We continue to provide liquidity to the mortgage market through our whole loan conduit activities, early funding program, and dollar-roll transactions.

We experienced strong demand for our debt securities during the first nine months of 2009. We believe that our status as a government-sponsored enterprise and continued federal government support of our business and the financial markets is essential to maintaining our access to debt funding. Demand for our debt securities could decline in the future if the government does not extend or replace the Treasury credit facility, which expires on December 31, 2009, and as the Federal Reserve concludes its agency debt and MBS purchase programs during the first quarter of 2010, or for other reasons. As of the date of this release, however, we have experienced strong demand for our debt securities that mature after the scheduled expirations of the Treasury credit facility and Federal Reserve purchase programs.

Fannie Mae conducts its activities through three complementary businesses: Single-Family Credit Guaranty, Housing and Community Development (HCD), and Capital Markets. Our Single-Family Credit Guaranty business works with our lender customers to securitize single-family mortgage loans into Fannie Mae MBS and to facilitate the purchase of single-family mortgage loans for our mortgage portfolio. HCD works with our lender customers to securitize multifamily mortgage loans into Fannie Mae MBS and to facilitate the purchase of multifamily mortgage loans for our mortgage portfolio. Our HCD business also makes debt and equity investments to increase the supply of affordable housing. Our Capital Markets group manages our investment activity in mortgage loans, mortgage-related securities and other investments.

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Single-Family Credit Guaranty book of business was $2.90 trillion on September 30, 2009, compared with $2.87 trillion on June 30, 2009, and $2.80 trillion on December 31, 2008. Single-family guaranty fee income was $2.1 billion, compared with $1.9 billion in the second quarter of 2009. The Single-Family business lost $19.5 billion in the third quarter of 2009, driven largely by a continued elevated provision for credit losses.

Housing and Community Development's multifamily guaranty book of business was $183.0 billion on September 30, 2009, compared with $179.6 billion on June 30, 2009, and $173.3 billion on December 31, 2008. HCD recorded $520 million of losses on partnership investments during the quarter. As with the second half of 2008 and first half of 2009, we are currently unable to recognize tax benefits generated from our partnership investments, including tax credits earned on low income housing tax credit partnership investments. HCD's credit-related expenses were $304 million, compared with $393 million in the second quarter of 2009. The provision for credit losses of $278 million exceeded net charge-offs of $75 million by $203 million, as we continued to build our multifamily loss reserves during the third quarter of 2009 to $1.2 billion as of September 30, 2009. HCD lost $870 million in the third quarter of 2009.

Capital Markets' net interest income was $3.7 billion in the third quarter of 2009, compared with $3.6 billion in the second quarter of 2009. Fair value losses were $1.5 billion, compared with fair value gains of $823 million in the second quarter of 2009. Net other-than-temporary impairment was $939 million, compared with other-than-temporary impairments of $753 million in the second quarter of 2009. The net mortgage investment portfolio balance was $766.4 billion, compared with $766.2 billion on June 30, 2009, resulting from purchases of $97.7 billion, liquidations of $31.7 billion, and sales of $65.9 billion during the quarter. Capital Markets earned $1.5 billion in the third quarter of 2009.

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Other Developments

Low Income Housing Tax Credits

Prior to September 30, 2009, we entered into a nonbinding letter of intent to transfer equity interests in our low income housing tax credits investments. Under the terms of the transaction as currently contemplated, we would transfer to unrelated third-party investors approximately one-half of our LIHTC investments for a price that exceeds their current carrying value. Upon completion of the contemplated transfer, the unrelated third-party investors would be entitled to receive substantially all of the tax benefits from our LIHTC investments for a specified period of time. At a specified future date, the percentage of tax benefits the investors would receive would automatically be reduced and the percentage of tax benefits we would receive would be increased by the same amount. In addition, we could have the obligation to reacquire all or a portion of the transferred interests.

We have requested the approval of FHFA, as our conservator, to complete this transaction. FHFA has advised us that it has no objection to this transaction as it is consistent with the conservation of the assets of the corporation and that FHFA has requested Treasury's approval under the senior preferred stock purchase agreement. As of November 5, 2009, FHFA has not yet received this approval. If in the future we determine we no longer have the intent and ability to sell or otherwise transfer our LIHTC investments for value, we would record additional other-than-temporary impairment to reduce the carrying value of our LIHTC investments to zero. As of September 30, 2009, the carrying value of our LIHTC investments was $5.2 billion.

State and Local Housing Finance Agencies

On October 19, 2009, we entered into a memorandum of understanding with Treasury, FHFA, and Freddie Mac under which we may provide assistance to state and local housing finance agencies to help them continue to meet their mission of providing affordable financing for both single-family and multifamily housing. We would provide assistance through three programs: the temporary credit and liquidity facilities program, the new issue bond program, and the multifamily credit enhancement program. The memorandum is described further in a Form 8-K filed with the Securities and Exchange Commission on October 23, 2009, and will become binding when the parties sign definitive agreements.

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Consolidation

In June 2009, the Financial Accounting Standards Board issued new accounting standards that eliminate the concept of qualifying special-purpose entities and amend the accounting for transfers of financial assets and the consolidation model for variable-interest entities. Based on our current understanding and analysis of the requirements of the new standards and the structure of our outstanding MBS trusts, we expect to initially record the assets, liabilities and noncontrolling interests of the substantial majority of our existing outstanding MBS trusts that we will be required to consolidate on January 1, 2010 based on the unpaid principal balance as of that date. The primary components of the cumulative transition adjustment that we will record on January 1, 2010 include the following: (1) for all of our outstanding MBS trusts that we consolidate, the reversal of the related guaranty assets and guaranty obligations; (2) for all of our investments in single-class Fannie Mae MBS classified as available for sale, the reversal of the related unrealized gains and losses recorded in AOCI; and (3) for all of our investments in single-class Fannie Mae MBS classified as trading, the reversal of the related fair value gains and losses previously recorded in earnings.

These components include items that fluctuate, often significantly, from period to period due, in part to changes in market conditions, such as changes in interest rates and spreads. For example, since the end of 2008, our after-tax net unrealized gains on our investments in Fannie Mae single-class MBS fluctuated from after-tax net unrealized gains of $3.9 billion as of December 31, 2008, to $5.2 billion as of March 31, 2009, $4.5 billion as of June 30, 2009 and $5.6 billion as of September 30, 2009. Because of the significant fluctuations in the items that will affect the transition adjustment, we are not able to estimate the impact the cumulative transition adjustment will have on our net worth when we adopt these new accounting standards on January 1, 2010.

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Certain statements in this news release may be considered forward-looking statements within the meaning of the federal securities laws, including those relating to future market conditions; our future performance, including credit losses and credit-related expenses, and net worth; our receipt of funds from Treasury under the senior preferred stock purchase agreement; our future access to debt funding; our future accounting and its impact; the impact of and activity in and updates to the Making Home Affordable Program; our memorandum of understanding with Treasury of October 19, 2009; our future plans; and our future business activities. Although Fannie Mae believes that the expectations set forth in these statements are based upon reasonable assumptions, future conditions and events may differ materially from what is indicated in any forward-looking statements. Factors that could cause actual conditions or events to differ materially from those described in these forward-looking statements include, but are not limited to, legislative or other governmental actions relating to our business or the financial markets; our ability to manage our business to a positive net worth; adverse effects from activities we undertake, such as the Making Home Affordable Program and other federal government initiatives, to support the mortgage market and help borrowers; the investment by Treasury and its effect on our business; future amendments and guidance by the FASB; changes in the structure and regulation of the financial services industry, including government efforts improve economic conditions; our ability to access the debt capital markets; the conservatorship and its effect on our business (including our business strategies and practices); continued weakness in the housing, credit and stock markets; the depth and duration of the housing market weakness, including the extent of home price declines on a national and regional basis; the depth and duration of weak economic conditions, including unemployment rates; the level and volatility of interest rates and credit spreads; the adequacy of our combined loss reserves; pending government investigations and litigation; changes in management; the accuracy of subjective estimates used in critical accounting policies; and other factors described in Fannie Mae's quarterly report on Form 10-Q for the quarter ended September 30, 2009 and its annual report on Form 10-K for the year ended December 31, 2008, including the "Risk Factors" and "Forward-Looking Statements" sections of these reports.

Fannie Mae exists to expand affordable housing and bring global capital to local communities in order to serve the U.S. housing market. Fannie Mae has a federal charter and operates in America's secondary mortgage market to enhance the liquidity of the mortgage market by providing funds to mortgage bankers and other lenders so that they may lend to home buyers. Our job is to help those who house America.

ANNEX I

FANNIE MAE
(In conservatorship)

Condensed Consolidated Balance Sheets
(Dollars in millions, except share amounts)
(Unaudited)

	As of	
	September 30, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents (includes cash equivalents pledged as collateral that may be sold or repledged of $5,000 as of September 30, 2009)	$ 15,382	$ 17,933
Restricted cash	483	529
Federal funds sold and securities purchased under agreements to resell	34,856	57,418
Investments in securities:		
Trading, at fair value (includes Fannie Mae MBS of $61,824 and $58,006, respectively)	97,288	90,806
Available-for-sale, at fair value (includes Fannie Mae MBS of $164,201 and $176,244, respectively)	270,557	266,488
Total investments in securities	367,845	357,294
Mortgage loans:		
Loans held for sale, at lower of cost or fair value	28,948	13,270
Loans held for investment, at amortized cost	388,416	415,065
Allowance for loan losses	(8,991)	(2,923)
Total loans held for investment, net of allowance	379,425	412,142
Total mortgage loans	408,373	425,412
Advances to lenders	4,587	5,766
Accrued interest receivable	4,080	3,816
Acquired property, net	7,735	6,918
Derivative assets, at fair value	766	869
Guaranty assets	7,726	7,043
Deferred tax assets, net	1,418	3,926
Partnership investments	7,756	9,314
Servicer and MBS trust receivable	17,722	6,482
Other assets	11,546	9,684
Total assets	$ 890,275	$ 912,404
LIABILITIES AND EQUITY (DEFICIT)		
Liabilities:		
Accrued interest payable	$ 5,032	$ 5,947
Federal funds purchased and securities sold under agreements to repurchase	112	77
Short-term debt (includes debt at fair value of $- and $4,500, respectively)	240,795	330,991
Long-term debt (includes debt at fair value of $11,074 and $21,565, respectively)	562,195	539,402
Derivative liabilities, at fair value	1,330	2,715
Reserve for guaranty losses (includes $4,993 and $1,946, respectively related to Fannie Mae MBS included in Investments in securities)	56,905	21,830
Guaranty obligations (includes $520 and $755, respectively related to Fannie Mae MBS included in Investments in securities)	13,169	12,147
Partnership liabilities	2,783	3,243
Servicer and MBS trust payable	19,343	6,350
Other liabilities	3,571	4,859
Total liabilities	905,235	927,561
Commitments and contingencies (Note 19)	—	—
Equity (Deficit):		
Fannie Mae stockholders' equity (deficit):		
Senior preferred stock, 1,000,000 shares issued and outstanding as of September 30, 2009 and December 31, 2008	45,900	1,000
Preferred stock, 700,000,000 shares are authorized— 581,915,187 and 597,071,401 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively	20,457	21,222
Common stock, no par value, no maximum authorization—1,262,316,235 and 1,238,880,988 shares issued as of September 30, 2009 and December 31, 2008 respectively; 1,109,987,342 shares and 1,085,424,213 shares outstanding as of September 30, 2009 and December 31, 2008, respectively	663	650
Additional paid-in capital	3,111	3,621
Accumulated deficit	(75,063)	(26,790)
Accumulated other comprehensive loss	(2,739)	(7,673)
Treasury stock, at cost, 152,328,893 shares and 153,456,775 shares as of September 30, 2009 and December 31, 2008 respectively	(7,394)	(7,344)
Total Fannie Mae stockholders' deficit	(15,065)	(15,314)
Noncontrolling interest	105	157
Total deficit	(14,960)	(15,157)
Total liabilities and equity (deficit)	$ 890,275	$ 912,404

See Notes to Condensed Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Condensed Consolidated Statements of Operations

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
Interest income:				
Trading securities	$ 862	$ 1,416	$ 2,775	$ 4,529
Available-for-sale securities	3,475	3,295	10,503	9,467
Mortgage loans	5,290	5,742	16,499	17,173
Other	48	310	314	1,000
Total interest income	9,675	10,763	30,091	32,169
Interest expense:				
Short-term debt	390	1,680	2,097	5,928
Long-term debt	5,455	6,728	17,181	20,139
Total interest expense	5,845	8,408	19,278	26,067
Net interest income	3,830	2,355	10,813	6,102
Guaranty fee income (includes imputed interest of $461 and $481, for the three months ended September 30, 2009 and 2008, respectively, and $932 and $1,035 for the nine months ended September 30, 2009 and 2008, respectively)	1,923	1,475	5,334	4,835
Trust management income	12	65	36	247
Investment gains (losses), net	785	219	963	(213)
Other-than-temporary impairments	(1,018)	(1,843)	(7,768)	(2,405)
Less: Noncredit portion of other-than-temporary impairments recognized in other comprehensive loss	79	—	423	—
Net other-than-temporary impairments	(939)	(1,843)	(7,345)	(2,405)
Fair value losses, net	(1,536)	(3,947)	(2,173)	(7,807)
Debt extinguishment gains (losses), net	(11)	23	(280)	(158)
Losses from partnership investments	(520)	(587)	(1,448)	(923)
Fee and other income	182	164	547	616
Non-interest loss	(104)	(4,431)	(4,366)	(5,808)
Administrative expenses:				
Salaries and employee benefits	293	167	831	757
Professional services	178	139	501	389
Occupancy expenses	47	52	141	161
Other administrative expenses	44	43	122	118
Total administrative expenses	562	401	1,595	1,425
Provision for credit losses	21,896	8,763	60,455	16,921
Foreclosed property expense	64	478	1,161	912
Other expenses	231	195	828	802
Total expenses	22,753	9,837	64,039	20,060
Loss before federal income taxes and extraordinary losses	(19,027)	(11,913)	(57,592)	(19,766)
Provision (benefit) for federal income taxes	(143)	17,011	(743)	13,607
Loss before extraordinary losses	(18,884)	(28,924)	(56,849)	(33,373)
Extraordinary losses, net of tax effect	—	(95)	—	(129)
Net loss	(18,884)	(29,019)	(56,849)	(33,502)
Less: Net loss attributable to the noncontrolling interest	12	25	55	22
Net loss attributable to Fannie Mae	(18,872)	(28,994)	(56,794)	(33,480)
Preferred stock dividends	(883)	(419)	(1,323)	(1,044)
Net loss attributable to common stockholders	$ (19,755)	$ (29,413)	$ (58,117)	$ (34,524)
Loss per share:				
Basic	$ (3.47)	$ (13.00)	$ (10.24)	$ (24.24)
Diluted	(3.47)	(13.00)	(10.24)	(24.24)
Cash dividends per common share	$ —	$ 0.05	$ —	$ 0.75
Weighted-average common shares outstanding:				
Basic and Diluted	5,685	2,262	5,677	1,424

See Notes to Condensed Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Condensed Consolidated Statements of Cash Flows

(Dollars in millions)
(Unaudited)

	For the Nine Months Ended September 30, 2009	2008
Cash flows (used in) provided by operating activities:		
Net loss	$ (56,849)	$ (33,502)
Amortization of debt cost basis adjustments	2,802	6,497
Provision for credit losses	60,455	16,921
Valuation losses	2,961	7,303
Derivatives fair value adjustments	(708)	(1,952)
Current and deferred federal income taxes	(1,861)	12,762
Purchases of loans held for sale	(91,889)	(38,351)
Proceeds from repayments of loans held for sale	1,991	443
Net decrease in trading securities	9,150	71,193
Other, net	(4,575)	(1,184)
Net cash (used in) provided by operating activities	(78,523)	40,130
Cash flows provided by (used in) investing activities:		
Purchases of trading securities held for investment	(27,183)	(7,625)
Proceeds from maturities of trading securities held for investment	9,413	7,318
Proceeds from sales of trading securities held for investment	7,395	2,824
Purchases of available-for-sale securities	(158,893)	(102,761)
Proceeds from maturities of available-for-sale securities	37,842	25,799
Proceeds from sales of available-for-sale securities	270,678	102,044
Purchases of loans held for investment	(35,169)	(48,874)
Proceeds from repayments of loans held for investment	45,786	37,169
Advances to lenders	(66,017)	(69,541)
Proceeds from disposition of acquired property	15,791	7,013
Reimbursements to servicers for loan advances	(19,186)	(10,389)
Net change in federal funds sold and securities purchased under agreements to resell	23,101	15,135
Other, net	(446)	(107)
Net cash provided by (used in) investing activities	103,112	(41,995)
Cash flows (used in) provided by financing activities:		
Proceeds from issuance of short-term debt	1,118,028	1,439,170
Payments to redeem short-term debt	(1,210,316)	(1,398,756)
Proceeds from issuance of long-term debt	232,978	218,052
Payments to redeem long-term debt	(211,457)	(230,081)
Proceeds from issuance of common stock and preferred stock	—	7,211
Proceeds from senior preferred stock agreement with Treasury	44,900	—
Net change in federal funds purchased and securities sold under agreements to repurchase	47	403
Other, net	(1,320)	(1,774)
Net cash (used in) provided by financing activities	(27,140)	34,225
Net (decrease) increase in cash and cash equivalents	(2,551)	32,360
Cash and cash equivalents at beginning of period	17,933	3,941
Cash and cash equivalents at end of period	$ 15,382	$ 36,301
Cash paid during the period for:		
Interest	$ 21,403	$ 27,464
Income taxes	876	845
Non-cash activities:		
Securitization-related transfers from mortgage loans held for sale to investments in securities	$ 102,027	$ 32,609
Net transfers of mortgage loans held for investment to mortgage loans held for sale	7,604	(5,819)
Net consolidation transfers from investment in securities to mortgage loans held for sale	19,762	(850)
Net transfers from available-for-sale securities to mortgage loans held for sale	1,536	1,073
Transfers from advances to lenders to investments in securities (including transfers to trading securities of $2,032 and $40,660 for the nine months ended September 30, 2009 and 2008, respectively)	65,218	68,909
Net consolidation-related transfers from investments in securities to mortgage loans held for investment	2,217	(16,210)
Net transfers from mortgage loans to acquired property	3,744	3,143
Transfers to trading securities from the effect of adopting the FASB guidance on the fair value option for financial instruments	—	56,217

See Notes to Condensed Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Condensed Consolidated Statements of Changes in Equity (Deficit)
(Dollars and shares in millions, except per share amounts)
(Unaudited)

	Shares Outstanding			Fannie Mae Stockholders' Equity								
	Senior Preferred	Preferred	Common	Senior Preferred	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss(1)	Treasury Stock	Non Controlling Interest	Total Equity (Deficit)
Balance as of December 31, 2007	—	466	974	$ —	$ 16,913	$ 593	$ 1,831	$ 33,548	$ (1,362)	$ (7,512)	$ 107	$ 44,118
Cumulative effect from the adoption of the FASB guidance on the fair value option for financial instruments and the FASB guidance on fair value measurement, net of tax	—	—	—	—	—	—	—	148	(93)	—	—	55
Balance as of January 1, 2008, adjusted	—	466	974	—	16,913	593	1,831	33,696	(1,455)	(7,512)	107	44,173
Change in Investment in noncontrolling interest	—	—	—	—	—	—	—	—	—	—	74	74
Comprehensive loss:												
Net loss	—	—	—	—	—	—	—	(33,480)	—	—	(22)	(33,502)
Other comprehensive loss, net of tax effect:												
Changes in net unrealized gains (losses) on available- for-sales securities, net of other-than-temporary impairments (net of tax of $3,629)	—	—	—	—	—	—	—	—	(6,740)	—	—	(6,740)
Reclassification adjustment for gains included in net loss (net of tax of $35)	—	—	—	—	—	—	—	—	(65)	—	—	(65)
Unrealized losses on guaranty assets and guaranty fee buy-ups	—	—	—	—	—	—	—	—	(113)	—	—	(113)
Amortization of net cash flow hedging losses	—	—	—	—	—	—	—	—	(5)	—	—	(5)
Prior service cost and actuarial gains, net of amortization for defined benefit plans	—	—	—	—	—	—	—	—	9	—	—	9
Total comprehensive loss												(40,416)
Common stock dividends ($0.75 per share)	—	—	—	—	—	—	—	(741)	—	—	—	(741)
Common stock issued	—	—	94	—	—	49	2,477	—	—	—	—	2,526
Common stock warrant issued	—	—	—	—	—	—	3,518	—	—	—	—	3,518
Preferred stock dividends declared	—	—	—	—	—	—	—	(1,038)	—	—	—	(1,038)
Senior preferred stock issued	1	—	—	1,000	—	—	—	—	—	—	—	1,000
Preferred stock issued	—	141			4,812	—	(127)	—	—	—	—	4,685
Treasury commitment	—	—	—	—	—	—	(4,518)	—	—	—	—	(4,518)
Other, employee benefit plans	—	—	2	—	—	—	(28)	—	—	200	—	172
Balance as of September 30, 2008	1	607	1,070	$ 1,000	$ 21,725	$ 642	$ 3,153	$ (1,563)	$ (8,369)	$ (7,312)	$ 159	$ 9,435

See Notes to Condensed Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Condensed Consolidated Statements of Changes in Equity (Deficit)—(Continued)

	Fannie Mae Stockholders' Equity											
	Shares Outstanding											
	Senior Preferred	Preferred	Common	Senior Preferred	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss(1)	Treasury Stock	Non Controlling Interest	Total Equity (Deficit)
Balance as of January 1, 2009	1	597	1,085	$ 1,000	$ 21,222	$ 650	$ 3,621	$ (26,790)	$ (7,673)	$ (7,344)	$ 157	$ (15,157)
Cumulative effect from the adoption of the FASB guidance on the recognition and presentation of the other-than-temporary impairments, net of tax	—	—	—	—	—	—	—	8,520	(5,556)	—	—	2,964
Change in investment in noncontrolling interest	—	—	—	—	—	—	—	—	—	—	3	3
Comprehensive loss:												
Net loss	—	—	—	—	—	—	—	(56,794)	—	—	(55)	(56,849)
Other comprehensive loss, net of tax effect:												
Changes in net unrealized gains (losses) on available-for-sales securities, net of other-than-temporary impairments (net of tax of $4,830)	—	—	—	—	—	—	—	—	8,970	—	—	8,970
Unrealized other-than-temporary impairment gains (net of tax of $745)	—	—	—	—	—	—	—	—	1,483	—	—	1,483
Reclassification adjustment for gains included in net loss (net of tax of $102)	—	—	—	—	—	—	—	—	(190)	—	—	(190)
Amortization of net cash flow hedging gains	—	—	—	—	—	—	—	—	9	—	—	9
Unrealized gains on guaranty assets and guaranty fee buy-ups	—	—	—	—	—	—	—	—	196	—	—	196
Prior service cost and actuarial gains, net of amortization for defined benefit plans	—	—	—	—	—	—	—	—	22	—	—	22
Total comprehensive loss												(46,359)
Senior preferred stock dividends	—	—	—	—	—	—	(1,320)	—	—	—	—	(1,320)
Increase to senior preferred liquidation preference	—	—	—	44,900	—	—	—	—	—	—	—	44,900
Conversion of convertible preferred stock into common stock	—	(15)	24	—	(765)	13	752	—	—	—	—	—
Other, employee benefit plans	—	—	1	—	—	—	58	1	—	(50)	—	9
Balance as of September 30, 2009	1	582	1,110	$ 45,900	$ 20,457	$ 663	$ 3,111	$ (75,063)	$ (2,739)	$ (7,394)	$ 105	$ (14,960)

(1) As of September 30, 2009, accumulated other comprehensive loss is comprised of $4.1 billion in net unrealized losses on available-for-sale securities for which an other-than-temporary impairment was previously recognized, net of tax; $1.5 billion in net unrealized gains on available-for-sale securities for which other-than-temporary impairment has not been previously recognized, net of tax; and $120 million in net unrealized losses on all other components. As of September 30, 2008, accumulated other comprehensive loss is comprised of $8.5 billion in net unrealized losses on available-for-sale securities, net of tax, and $175 million in net unrealized gains on all other components, net of tax.

See Notes to Condensed Consolidated Financial Statements

Supplemental Non-GAAP Consolidated Fair Value Balance Sheets

	As of September 30, 2009			As of December 31, 2008		
	GAAP Carrying Value	Fair Value Adjustment(1)	Estimated Fair Value	GAAP Carrying Value	Fair Value Adjustment(1)	Estimated Fair Value
	(Dollars in millions)					
Assets:						
Cash and cash equivalents	$ 15,865	$ —	$ 15,865(2)	$ 18,462	$ —	$ 18,462(2)
Federal funds sold and securities purchased under agreements to resell	34,856	—	34,856(2)	57,418	2	57,420(2)
Trading securities	97,288	—	97,288(2)	90,806	—	90,806(2)
Available-for-sale securities	270,557	—	270,557(2)	266,488	—	266,488(2)
Mortgage loans:						
Mortgage loans held for sale	28,948	1,545	30,493(3)	13,270	351	13,621(3)
Mortgage loans held for investment, net of allowance for loan losses	379,425	12,645	392,070(3)	412,142	3,069	415,211(3)
Guaranty assets of mortgage loans held in portfolio	—	2,770	2,770(3)(4)	—	2,255	2,255(3)(4)
Guaranty obligations of mortgage loans held in portfolio	—	(20,929)	(20,929)(3)(4)	—	(11,396)	(11,396)(3)(4)
Total mortgage loans	408,373	(3,969)	404,404(2)(3)	425,412	(5,721)	419,691(2)(3)
Advances to lenders	4,587	(307)	4,280(2)	5,766	(354)	5,412(2)
Derivative assets at fair value	766	—	766(2)	869	—	869(2)
Guaranty assets and buy-ups, net	8,739	4,154	12,893(2)(4)	7,688	1,336	9,024(2)(4)
Total financial assets	841,031	(122)	840,909(2)	872,909	(4,737)	868,172(2)
Master servicing assets and credit enhancements	843	5,843	6,686(4)(5)	1,232	7,035	8,267(4)(5)
Other assets	48,401	(16)	48,385(5)(6)	38,263	(2)	38,261(5)(6)
Total assets	$ 890,275	$ 5,705	$ 895,980	$ 912,404	$ 2,296	$ 914,700
Liabilities:						
Federal funds purchased and securities sold under agreements to repurchase	$ 112	$ 1	$ 113(2)	$ 77	$ —	$ 77(2)
Short-term debt	240,795(7)	204	240,999(2)	330,991(7)	1,299	332,290(2)
Long-term debt	562,195(7)	26,431	588,626(2)	539,402(7)	34,879	574,281(2)
Derivative liabilities at fair value	1,330	—	1,330(2)	2,715	—	2,715(2)
Guaranty obligations	13,169	111,928	125,097(2)	12,147	78,728	90,875(2)
Total financial liabilities	817,601	138,564	956,165(2)	885,332	114,906	1,000,238(2)
Other liabilities	87,634	(57,525)	30,109(8)	42,229	(22,774)	19,455(8)
Total liabilities	905,235	81,039	986,274	927,561	92,132	1,019,693
Equity (deficit):						
Fannie Mae stockholders' equity (deficit):						
Senior preferred(9)	45,900	—	45,900	1,000	—	1,000
Preferred	20,457	(19,255)	1,202	21,222	(20,674)	548
Common	(81,422)	(56,079)	(137,501)	(37,536)	(69,162)	(106,698)
Total Fannie Mae stockholders' deficit/non-GAAP fair value of net assets	**$ (15,065)**	**$ (75,334)**	**$ (90,399)**	**$ (15,314)**	**$ (89,836)**	**$ (105,150)**
Noncontrolling interests	105	—	105	157	—	157
Total deficit	(14,960)	(75,334)	(90,294)	(15,157)	(89,836)	(104,993)
Total liabilities and stockholders' equity	$ 890,275	$ 5,705	$ 895,980	$ 912,404	$ 2,296	$ 914,700

See Explanation and Reconciliation of Non-GAAP Measures to GAAP Measures

Explanation and Reconciliation of Non-GAAP Measures to GAAP Measures

(1) Each of the amounts listed as a "fair value adjustment" represents the difference between the carrying value included in our GAAP consolidated balance sheets and our best judgment of the estimated fair value of the listed item.

(2) We determined the estimated fair value of these financial instruments in accordance with the FASB fair value guidance as described in "Notes to Condensed Consolidated Financial Statements—Note 18, Fair Value of Financial Instruments."

(3) For business segment reporting purposes, we allocate intra-company guaranty fee income to our Single-Family and HCD businesses for managing the credit risk on mortgage loans held in portfolio by our Capital Markets group and charge a corresponding fee to our Capital Markets group. In computing this intra-company allocation, we disaggregate the total mortgage loans reported in our GAAP condensed consolidated balance sheets, which consists of "Mortgage loans held for sale" and "Mortgage loans held for investment, net of allowance for loan losses" into components that separately reflect the value associated with credit risk, which is managed by our guaranty businesses, and the interest rate risk, which is managed by our Capital Markets group. We report the estimated fair value of the credit risk components separately in our supplemental non-GAAP consolidated fair value balance sheets as "Guaranty assets of mortgage loans held in portfolio" and "Guaranty obligations of mortgage loans held in portfolio." We report the estimated fair value of the interest rate risk components in our supplemental non-GAAP consolidated fair value balance sheets as "Mortgage loans held for sale" and "Mortgage loans held for investment, net of allowance for loan losses." Taken together, these four components represent the estimated fair value of the total mortgage loans reported in our GAAP condensed consolidated balance sheets. We believe this presentation provides transparency into the components of the fair value of the mortgage loans associated with the activities of our guaranty businesses and the components of the activities of our Capital Markets group, which is consistent with the way we manage risks and allocate revenues and expenses for segment reporting purposes. While the carrying values and estimated fair values of the individual line items may differ from the amounts presented in "Notes to Condensed Consolidated Financial Statements—Note 18, Fair Value of Financial Instruments" of the condensed consolidated financial statements in this report, the combined amounts together equal the carrying value and estimated fair value amounts of total mortgage loans in Note 18.

(4) In our GAAP condensed consolidated balance sheets, we report the guaranty assets associated with our outstanding Fannie Mae MBS and other guarantees as a separate line item and include buy-ups, master servicing assets and credit enhancements associated with our guaranty assets in "Other assets." On a GAAP basis, our guaranty assets totaled $7.7 billion and $7.0 billion as of September 30, 2009 and December 31, 2008, respectively. The associated buy-ups totaled $1.0 billion and $645 million as of September 30, 2009 and December 31, 2008, respectively. In our non-GAAP fair value balance sheets, we also disclose the estimated guaranty assets and obligations related to mortgage loans held in our portfolio. The aggregate estimated fair value of the guaranty asset-related components totaled $1.4 billion and $8.2 billion as of September 30, 2009 and December 31, 2008, respectively. These components represent the sum of the following line items in this table: (i) Guaranty assets of mortgage loans held in portfolio; (ii) Guaranty obligations of mortgage loans held in portfolio, (iii) Guaranty assets and buy-ups; and (iv) Master servicing assets and credit enhancements. See "Part II—Item 7—MD&A—Critical Accounting Policies and Estimates—Fair Value of Financial Instruments —Fair Value of Guaranty Obligations" of our 2008 Form 10-K.

(5) The line items "Master servicing assets and credit enhancements" and "Other assets" together consist of the assets presented on the following six line items in our GAAP condensed consolidated balance sheets: (i) Accrued interest receivable; (ii) Acquired property, net; (iii) Deferred tax assets, net; (iv) Partnership investments; (v) Servicer and MBS trust receivable and (vi) Other assets. The carrying value of these items in our GAAP condensed consolidated balance sheets together totaled $50.3 billion and $40.1 billion as of September 30, 2009 and December 31, 2008, respectively. We deduct the carrying value of the buy-ups associated with our guaranty obligation, which totaled $1.0 billion and $645 million as of September 30, 2009 and December 31, 2008, respectively, from "Other assets" reported in our GAAP condensed consolidated balance sheets because buy-ups are a financial instrument that we combine with guaranty assets in our disclosure in Note 18. We have estimated the fair value of master servicing assets and credit enhancements based on our fair value methodologies described in "Notes to Consolidated Financial Statements—Note 20, Fair Value of Financial Instruments" of our 2008 Form 10-K.

(6) With the exception of LIHTC partnership investments, the GAAP carrying values of other assets generally approximate fair value. Our LIHTC partnership investments, including restricted cash from consolidations, had a carrying value of $5.3 billion and $6.3 billion and an estimated fair value of $5.4 billion and $6.5 billion as of September 30, 2009 and December 31, 2008, respectively. We assume that certain other assets, consisting primarily of prepaid expenses, have no fair value.

(7) Includes certain short-term debt and long-term debt instruments that we elected to report at fair value in our GAAP condensed consolidated balance sheets. We did not elect to report any short-term debt instruments at fair value as of September 30, 2009. Includes long-term debt with a reported fair value of $11.1 billion as of September 30, 2009. Includes short-term and long-term debt instruments with a reported fair value of $4.5 billion and $21.6 billion, respectively, as of December 31, 2008.

(8) The line item "Other liabilities" consists of the liabilities presented on the following five line items in our GAAP condensed consolidated balance sheets: (i) Accrued interest payable; (ii) Reserve for guaranty losses; (iii) Partnership liabilities; (iv) Servicer and MBS trust payable; and (v) Other liabilities. The carrying value of these items in our GAAP condensed consolidated balance sheets together totaled $87.6 billion and $42.2 billion as of September 30, 2009 and December 31, 2008, respectively. The GAAP carrying values of these other liabilities generally approximate fair value. We assume that certain other liabilities, such as deferred revenues, have no fair value. Although we report the "Reserve for guaranty losses" as a separate line item on our condensed consolidated balance sheets, it is incorporated into and reported as part of the fair value of our guaranty obligations in our non-GAAP supplemental consolidated fair value balance sheets.

(9) The estimated fair value of the senior preferred stock is the same as the carrying value, as the fair value is based on the liquidation preference.

Exhibit 99.2

Fannie Mae
2009 Third Quarter Credit Supplement

FannieMae

November 5, 2009

- These materials present tables and other information about Fannie Mae, including information contained in Fannie Mae's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, the "2009 Q3 Form 10-Q." Some of the terms used in these materials are defined and discussed more fully in the 2009 Q3 Form 10-Q and Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2008, "2008 Form 10-K." These materials should be reviewed together with the 2009 Q3 Form 10-Q and 2008 Form 10-K, copies of which are available in the "Investor Information" section of Fannie Mae's Web site at www.fanniemae.com.
- Some of the information in this presentation is based upon information that we received from third-party sources such as sellers and servicers of mortgage loans. Although we generally consider this information reliable, we do not independently verify all reported information.
- This presentation includes forward-looking statements relating to future home price declines. These statements are based on our opinions, analyses, estimates, forecasts and other views on a variety of economic and other information, and changes in the assumptions and other information underlying these views could produce materially different results. The impact of future home price declines on our business, results or financial condition will depend on many other factors.

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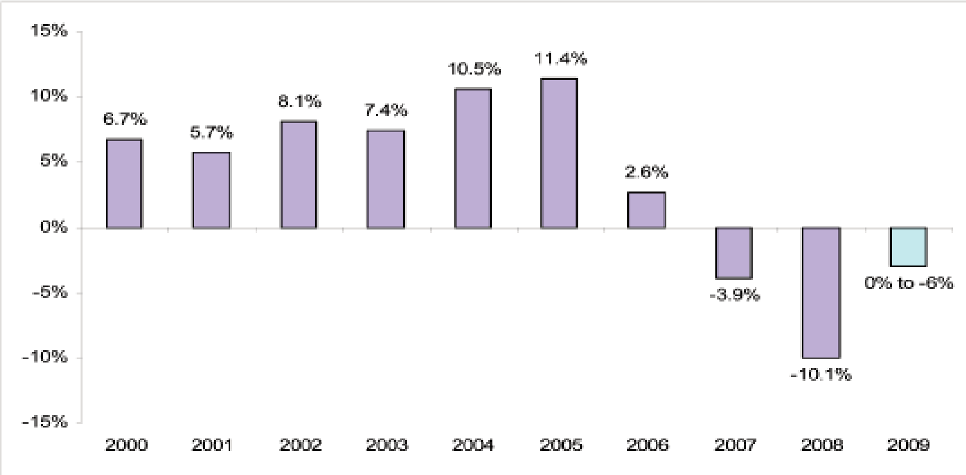
Home Price Growth/Decline Rates in the U.S.

Fannie Mae Home Price Index



S&P/Case-Shiller Index	**9.8%**	**7.7%**	**10.6%**	**10.7%**	**14.6%**	**14.7%**	**-0.3%**	**-8.5%**	**- 18.4%**

Growth rates are from period-end to period-end. 2009 rate represents forecast.

- We expect 2009 home price declines to be up to 6% based upon the Fannie Mae Home Price Index. This estimate of an up to 6% decline in home prices for 2009 compares with a home price decline of approximately 1% to 7% using the S&P/Case-Shiller index method .
- We expect peak-to-trough declines in home prices to be in the 17% to 27% range (comparable to a 32% to 40% range using the S&P/Case-Shiller index method).

Note: Our estimates differ from the S&P/Case-Shiller index in two principal ways: (1) our estimates weight expectations for each individual property by number of properties, whereas the S&P/Case-Shiller index weights expectations of home price declines based on property value, causing declines in home prices on higher priced homes to have a greater effect on the overall result; and (2) our estimates do not include known sales of foreclosed homes because we believe that differing maintenance practices and the forced nature of the sales make foreclosed home prices less representative of market values, whereas the S&P/Case-Shiller index includes sales of foreclosed homes. The S&P/Case Shiller comparison numbers shown above for 2009 and peak-to-trough forecasts are calculated using our models and assumptions, but modified to use these two factors (weighting of expectations based on property value and the inclusion of foreclosed property sales). In addition to these differences, our estimates are based on our own internally available data combined with publicly available data, and are therefore based on data collected nationwide, whereas the S&P/Case-Shiller index is based only on publicly available data, which may be limited in certain geographic areas of the country. Our comparative calculations to the S&P/Case-Shiller index provided above are not modified to account for this data pool difference.

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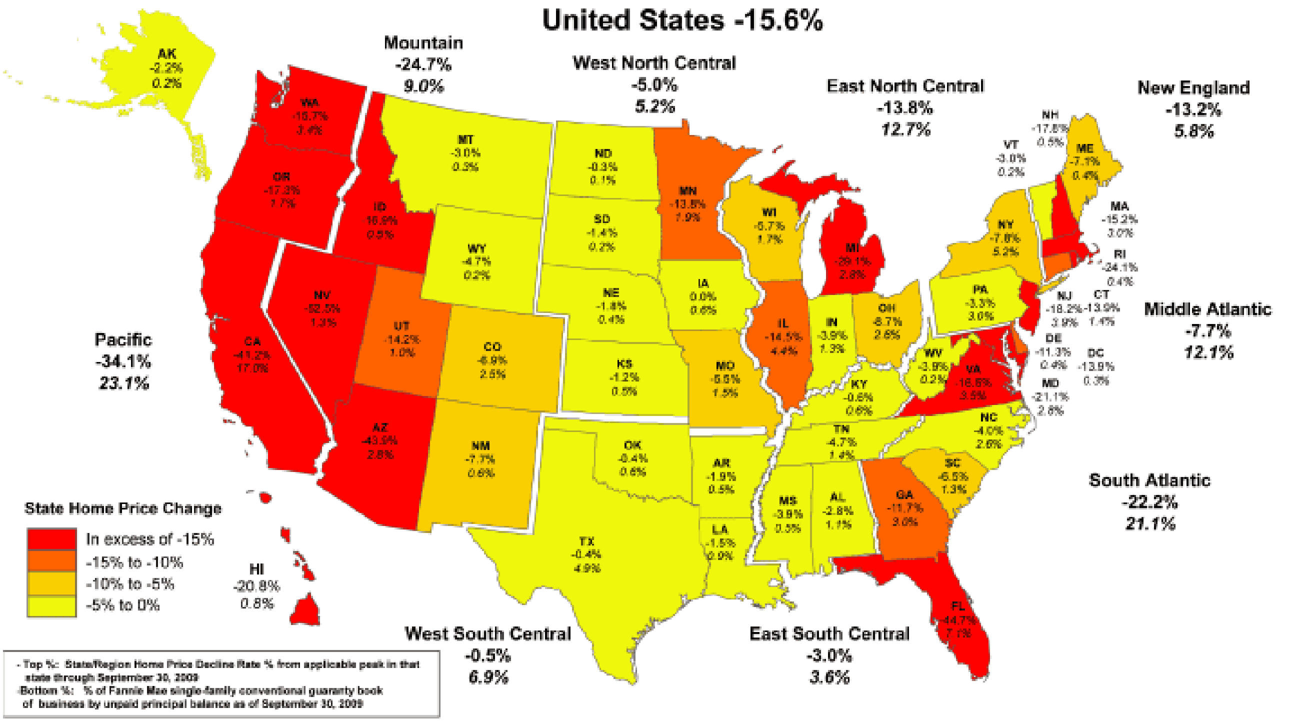
Home Price Declines Peak-to-Current (by State) as of 2009 Q3



Note: Regional home price decline percentages are a housing stock unit-weighted average of home price decline percentages of states within each region.

Source: Fannie Mae. Initial estimate based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of September 2009. Including subsequently available data may lead to materially different results.

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Fannie Mae Credit Profile by Key Product Features

Credit Characteristics of Single-Family Conventional Guaranty Book of Business

As of September 30, 2009	Categories Not Mutually Exclusive [1] Negative-Amortizing Loans	Interest-Only Loans	Loans with FICO < 620[3]	Loans with FICO 620 and < 660[3]	Loans with Original LTV Ratio > 90%	Loans with FICO < 620 and Original LTV Ratio > 90%[3][6]	Alt-A Loans	Subprime Loans	Sub-total of Key Product Features[1]	Overall Book
Unpaid Principal Balance (billions) [2]	$14.6	$189.3	$112.3	$236.5	$264.3	$24.6	$258.8	$7.6	$857.9	$2,795.9
Share of Single-Family Conventional Guaranty Book	0.5%	6.8%	4.0%	8.5%	9.5%	0.9%	9.3%	0.3%	30.7%	100.0%
Average Unpaid Principal Balance	$134,843	$242,557	$124,543	$139,863	$142,735	$118,249	$167,984	$149,419	$152,614	$152,636
Serious Delinquency Rate	9.53%	17.94%	16.08%	11.32%	11.56%	25.32%	13.97%	26.41%	11.36%	4.72%
Origination Years 2005-2007	60.9%	80.1%	55.5%	53.6%	56.1%	60.3%	73.4%	80.7%	50.7%	37.9%
Weighted Average Original Loan-to-Value Ratio	71.3%	75.8%	76.6%	77.3%	97.2%	98.1%	73.0%	77.2%	79.5%	71.4%
Original Loan-to-Value Ratio > 90%	0.3%	9.3%	21.9%	20.8%	100.0%	100.0%	5.4%	6.9%	30.8%	9.5%
Weighted Average Mark-to-Market Loan-to-Value Ratio	98.5%	104.4%	80.7%	82.5%	102.1%	102.1%	90.1%	96.0%	89.2%	73.8%
Mark-to-Market Loan-to-Value Ratio > 100% and <= 125%	14.6%	22.2%	13.2%	13.6%	28.3%	30.3%	14.5%	16.8%	17.1%	8.5%
Mark-to-Market Loan-to-Value Ratio > 125%	33.8%	23.7%	7.1%	8.6%	13.3%	12.8%	16.3%	15.4%	12.0%	5.4%
Weighted Average FICO [3]	703	724	588	641	697	592	718	622	686	729
FICO < 620 [3]	8.3%	1.3%	100.0%	0.0%	9.3%	100.0%	0.7%	48.3%	13.1%	4.0%
Fixed-rate	0.2%	39.5%	93.2%	92.1%	94.2%	94.9%	72.1%	77.1%	81.0%	91.4%
Primary Residence	69.5%	84.8%	96.7%	94.3%	97.2%	99.4%	77.3%	96.6%	89.4%	89.9%
Condo/Co-op	14.0%	16.5%	5.0%	6.7%	9.9%	6.1%	10.9%	4.5%	9.7%	9.3%
Credit Enhanced [4]	73.7%	33.7%	32.9%	34.3%	88.9%	92.2%	36.9%	62.9%	42.9%	18.5%
% of 2007 Credit Losses [5]	0.9%	15.0%	16.0%	21.9%	17.4%	6.4%	27.6%	1.0%	72.3%	100.0%
% of 2008 Credit Losses [5]	2.9%	34.2%	11.8%	17.4%	21.3%	5.4%	45.6%	2.0%	81.3%	100.0%
% of 2008 Q3 Credit Losses [5]	3.8%	36.2%	11.3%	16.8%	21.5%	5.4%	47.6%	2.1%	82.4%	100.0%
% of 2008 Q4 Credit Losses [5]	2.2%	33.1%	11.5%	17.2%	23.1%	5.2%	43.2%	2.0%	81.0%	100.0%
% of 2009 Q1 Credit Losses [5]	1.8%	34.2%	10.7%	16.0%	22.5%	4.9%	39.2%	2.0%	77.7%	100.0%
% of 2009 Q2 Credit Losses [6]	2.2%	32.2%	9.2%	16.0%	19.7%	3.5%	41.2%	1.1%	76.0%	100.0%
% of 2009 Q3 Credit Losses [5]	1.8%	31.8%	8.6%	16.3%	18.9%	3.2%	39.1%	1.6%	74.4%	100.0%

(1) Loans with multiple product features are included in all applicable categories. The subtotal is calculated by counting a loan only once even if it is included in multiple categories.
(2) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information on approximately 99% of its single-family conventional guaranty book of business as of September 30, 2009.
(3) FICO Credit scores reported in the table are those provided by the sellers of the mortgage loans at time of delivery.
(4) Unpaid principal balance of loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae had access to detailed loan-level information within each specified category. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.
(5) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2009 Q3 Form 10-Q and 2008 Form 10-K.
(6) Percentages of credit losses for the first and second quarters of 2009 have been revised from prior reports, in which loans with FICO scores equal to 620 were inadvertently included.

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Fannie Mae Credit Profile by Vintage and Key Product Features

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

		Vintages					
As of September 30, 2009	Overall Book	2009	2008	2007	2006	2005	2004 and Earlier
Unpaid Principal Balance (billions) [1]	$2,795.9	$499.6	$378.9	$446.2	$308.1	$304.7	$858.3
Share of Single-Family Conventional Guaranty Book	100.0%	17.9%	13.6%	16.0%	11.0%	10.9%	30.7%
Average Unpaid Principal Balance[1]	$152,636	$217,906	$199,492	$186,070	$170,412	$158,937	$107,265
Serious Delinquency Rate	4.72%	0.02%	2.93%	11.80%	11.11%	6.25%	2.57%
Weighted Average Original Loan-to-Value Ratio	71.4%	66.3%	73.0%	77.3%	74.6%	72.1%	69.1%
Original Loan-to-Value Ratio > 90%	9.5%	3.2%	10.2%	19.1%	11.3%	8.2%	7.5%
Weighted Average Mark-to-Market Loan-to-Value Ratio	73.8%	66.2%	78.5%	94.5%	95.0%	82.9%	54.5%
Mark-to-Market Loan-to-Value Ratio > 100% and <= 125%	8.5%	0.5%	9.3%	20.1%	16.4%	12.0%	2.6%
Mark-to-Market Loan-to-Value Ratio > 125%	5.4%	0.0%	1.9%	12.9%	16.3%	9.6%	0.9%
Weighted Average FICO[2]	729	762	738	711	713	721	723
FICO < 620 [2]	4.0%	0.3%	2.4%	7.0%	5.8%	4.4%	4.6%
Interest Only	6.8%	0.6%	5.3%	15.2%	17.1%	10.2%	1.7%
Negative-Amortizing	0.5%	0.0%	0.0%	0.1%	1.3%	1.5%	0.7%
Fixed-rate	91.4%	98.5%	93.2%	90.7%	85.9%	83.6%	91.6%
Primary Residence	89.9%	93.3%	88.6%	88.3%	86.5%	87.6%	91.4%
Condo/Co-op	9.3%	7.7%	11.2%	11.3%	11.6%	10.3%	7.2%
Credit Enhanced [3]	18.5%	6.7%	23.0%	32.3%	28.3%	20.2%	12.0%
% of 2007 Credit Losses [4]	100.0%	—	—	1.9%	21.3%	23.6%	53.2%
% of 2008 Credit Losses [4]	100.0%	—	0.5%	27.9%	34.9%	19.3%	17.3%
% of 2008 Q3 Credit Losses [4]	100.0%	—	0.4%	31.3%	35.2%	18.3%	14.9%
% of 2008 Q4 Credit Losses [4]	100.0%	—	1.3%	32.0%	34.2%	17.7%	14.9%
% of 2009 Q1 Credit Losses [4]	100.0%	0.0%	2.6%	34.0%	31.7%	17.6%	14.1%
% of 2009 Q2 Credit Losses [4]	100.0%	0.0%	4.3%	34.6%	31.7%	16.6%	12.7%
% of 2009 Q3 Credit Losses [4]	100.0%	0.0%	5.4%	37.5%	30.3%	15.8%	11.1%
Cumulative Default Rate [5]	—	0.00%	0.23%	1.96%	2.66%	1.76%	—

(1) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information on approximately 99% of its single-family conventional guaranty book of business as of September 30, 2009.

(2) FICO Credit scores reported in the table are those provided by the sellers of the mortgage loans at time of delivery.

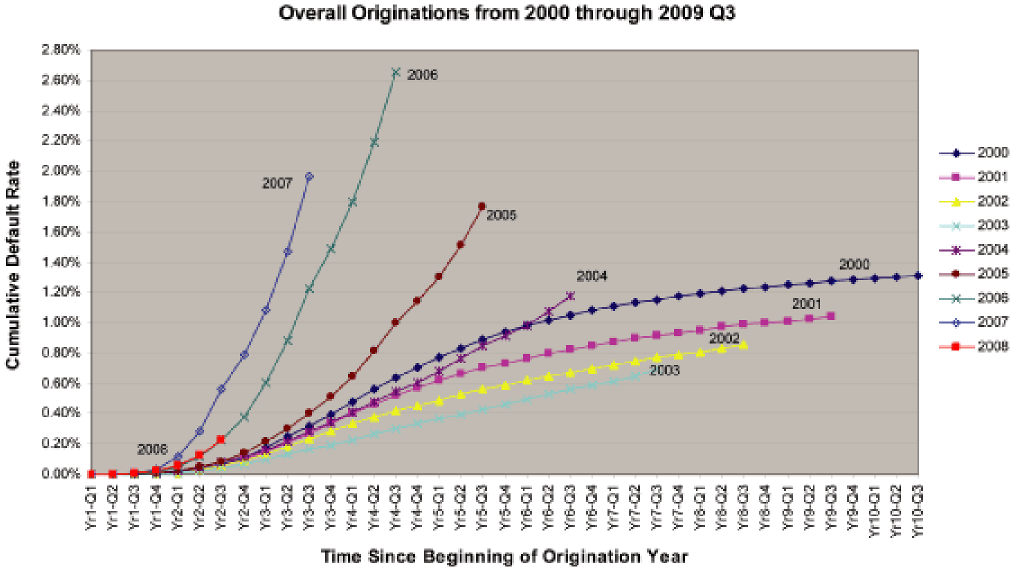
(3) Unpaid principal balance of loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae had access to detailed loan-level information within each specified category. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.

(4) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2009 Q3 Form 10-Q and 2008 Form 10-K.

(5) Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and includes loan foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year. As of September 30, 2009, 2004 vintage cumulative default rate was 1.18% and 2003 vintage cumulative default rate was 0.70%.

Fannie Mae Single-Family Cumulative Default Rate

Cumulative Default Rate of Single-Family Conventional Guaranty Book of Business by Vintage



Note: Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and include loan foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year.

Data as of September 30, 2009 are not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.

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Fannie Mae Credit Profile by State

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

As of September 30, 2009	Overall Book	AZ	CA	FL	NV	Select Midwest States [5]
Unpaid Principal Balance (billions) [1]	$2,796.9	$77.2	$475.1	$197.7	$35.2	$307.2
Share of Single-Family Conventional Guaranty Book	100.0%	2.8%	17.0%	7.1%	1.3%	11.0%
Average Unpaid Principal Balance [1]	$152,636	$159,793	$210,892	$144,955	$177,229	$123,529
Serious Delinquency Rate	4.72%	7.87%	5.06%	11.31%	11.16%	4.96%
Origination Years 2005-2007	37.9%	53.8%	33.4%	55.1%	55.6%	34.6%
Weighted Average Original Loan-to-Value Ratio	71.4%	73.7%	63.3%	73.2%	74.5%	74.6%
Original Loan-to-Value Ratio > 90%	9.5%	9.7%	2.9%	10.4%	9.3%	12.0%
Weighted Average Mark-to-Market Loan-to-Value Ratio	73.8%	99.3%	76.9%	98.6%	117.4%	75.4%
Mark-to-Market Loan-to-Value Ratio >100% and <=125%	8.5%	20.1%	12.2%	20.1%	19.1%	10.6%
Mark-to-Market Loan-to-Value Ratio >125%	5.4%	23.8%	11.4%	24.9%	43.7%	2.2%
Weighted Average FICO [2]	729	729	737	720	726	724
FICO < 620 [2]	4.0%	3.3%	2.4%	5.1%	3.0%	4.9%
Interest Only	6.8%	14.1%	11.0%	11.0%	19.3%	3.9%
Negative Amortizing	0.5%	0.6%	1.8%	1.1%	1.7%	0.1%
Fixed-rate	91.4%	86.4%	86.6%	87.7%	78.9%	91.9%
Primary Residence	89.9%	83.5%	88.7%	81.9%	80.4%	93.7%
Condo/Co-op	9.3%	5.3%	11.9%	15.4%	7.5%	10.6%
Credit Enhanced [3]	18.5%	20.2%	10.2%	21.6%	24.3%	21.3%
% of 2007 Credit Losses [4]	100.0%	1.8%	7.2%	4.7%	1.2%	46.6%
% of 2008 Credit Losses [4]	100.0%	8.0%	25.2%	10.9%	4.9%	21.1%
% of 2008 Q3 Credit Losses [4]	100.0%	8.6%	31.1%	10.2%	4.8%	18.4%
% of 2008 Q4 Credit Losses [4]	100.0%	9.9%	19.5%	15.0%	5.8%	18.5%
% of 2009 Q1 Credit Losses [4]	100.0%	12.2%	26.3%	12.0%	7.2%	13.8%
% of 2009 Q2 Credit Losses [4]	100.0%	11.0%	24.7%	14.6%	6.3%	16.2%
% of 2009 Q3 Credit Losses [4]	100.0%	9.3%	23.9%	16.7%	6.9%	14.9%

(1) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information on approximately 99% of its single-family conventional guaranty book of business as of September 30, 2009.

(2) FICO Credit scores reported in the table are those provided by the sellers of the mortgage loans at time of delivery.

(3) Unpaid principal balance of loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae had access to detailed loan-level information within each specified category. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.

(4) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2009 Q3 Form 10-Q and 2008 Form 10-K.

(5) Select Midwest states are Illinois, Indiana, Michigan and Ohio.

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Fannie Mae Single-Family Serious Delinquency Rates by State and Region [1]

State	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
Arizona	2.14%	3.41%	5.00%	6.54%	7.87%
California	1.44%	2.30%	3.33%	4.23%	5.06%
Florida	4.37%	6.14%	8.07%	9.71%	11.31%
Nevada	3.08%	4.74%	7.05%	9.33%	11.16%
Select Midwest States [2]	2.05%	2.70%	3.36%	4.16%	4.98%
All conventional single-family loans	1.72%	2.42%	3.15%	3.94%	4.72%
Region [3]					
Midwest	1.86%	2.44%	3.02%	3.71%	4.42%
Northeast	1.47%	1.97%	2.53%	3.20%	3.91%
Southeast	2.34%	3.27%	4.24%	5.21%	6.18%
Southwest	1.35%	1.98%	2.45%	3.07%	3.71%
West	1.33%	2.10%	3.06%	3.96%	4.77%
All conventional single-family loans	1.72%	2.42%	3.15%	3.94%	4.72%

(1) Calculated based on the number of loans in Fannie Mae's single-family conventional guaranty book of business within each specified category.

(2) Select Midwest states are Illinois, Indiana, Michigan and Ohio.

(3) For information on which states are included in each region, refer to Fannie Mae's 2009 Q3 Form 10-Q.

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

State	REO Acquisitions (Number of Properties)					REO Inventory as of September 30, 2008	REO Inventory as of September 30, 2009	1-Year HP Growth October 2008 to September 2009 (2)	5-Year Annualized HP Growth October 2004 to September 2009 (2)
	2007	2008	2009 Q1 (1)	2009 Q2 (1)	2009 Q3 (1)				
Arizona	751	5,532	2,526	2,879	3,172	3,289	4,586	-18.0%	-2.8%
California	1,681	10,624	3,719	4,444	5,304	7,957	8,954	-12.3%	-5.8%
Florida	1,714	6,159	1,680	2,876	4,053	3,785	5,537	-15.3%	-4.2%
Nevada	530	2,906	1,210	1,337	1,885	1,902	2,659	-25.6%	-10.3%
Select Midwest States (3)	16,678	23,668	4,643	6,930	7,834	19,412	18,680	-4.8%	-2.1%
All other States	27,767	45,763	11,596	13,629	18,711	31,174	31,859	-3.0%	1.7%
Total	49,121	94,652	25,374	32,095	40,959	67,519	72,275	-5.6%	-0.2%

(1) Fannie Mae's REO acquisitions and REO reflect the impact of Fannie Mae's foreclosure moratoriums in late 2008 and early 2009 and its directive to loan servicers to delay foreclosure sales until the servicers have exhausted foreclosure prevention alternatives.

(2) Initial estimate based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of September 2009. Including subsequently available data may lead to materially different results.

(3) Select Midwest states are Illinois, Indiana, Michigan and Ohio.

On a national basis, REO net sales prices compared with unpaid principal balances of mortgage loans were as follows, driving loss severities:

- 70% in 2008 Q3
- 61% in 2008 Q4
- 57% in 2009 Q1
- 54% in 2009 Q2
- 54% in 2009 Q3

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Fannie Mae Alt-A Credit Profile by Key Product Features

Credit Characteristics of Alt-A Single-Family Conventional Guaranty Book of Business by Vintage

As of September 30, 2009	Alt-A [1]	Vintage 2008	2007	2006	2005	2004 and Earlier
Unpaid principal balance (billions) [2]	$258.8	$6.6	$67.8	$73.2	$49.0	$62.2
Share of Alt-A	100.0%	2.5%	26.2%	28.3%	18.9%	24.0%
Weighted Average Original Loan-to-Value Ratio	73.0%	67.2%	75.1%	74.2%	72.7%	70.0%
Original Loan-to-Value Ratio > 90%	5.4%	2.4%	8.8%	4.7%	3.2%	4.4%
Weighted Average Mark-to-Market Loan-to-Value Ratio	90.1%	76.1%	100.9%	103.4%	93.6%	61.2%
Mark-to-Market Loan-to-Value Ratio > 100% and <=125%	14.5%	9.9%	20.2%	17.2%	15.4%	4.7%
Mark-to-Market Loan-to-Value Ratio > 125%	16.3%	3.0%	20.3%	24.4%	18.1%	2.4%
Weighted Average FICO [3]	718	727	712	714	724	722
FICO < 620 [3]	0.7%	0.2%	0.5%	0.5%	0.4%	1.4%
Adjustable-rate	27.9%	10.6%	22.6%	30.4%	40.2%	22.8%
Interest Only	29.9%	7.2%	38.6%	39.1%	30.0%	12.1%
Negative Amortizing	2.9%	0.0%	0.0%	4.0%	6.8%	2.0%
Investor	17.7%	18.4%	19.7%	17.2%	19.8%	14.5%
Condo/Co-op	10.9%	7.0%	10.0%	11.9%	13.2%	9.4%
California	22.0%	20.2%	22.4%	20.1%	20.9%	25.0%
Florida	11.4%	9.1%	12.1%	13.1%	12.7%	8.1%
Credit Enhanced [4]	36.9%	14.0%	35.5%	50.0%	42.4%	21.3%
2008 Q3 Serious Delinquency Rate	4.92%	0.94%	6.29%	7.27%	4.79%	2.30%
2008 Q4 Serious Delinquency Rate	7.03%	2.14%	9.61%	10.24%	6.64%	3.06%
2009 Q1 Serious Delinquency Rate	9.54%	4.20%	13.51%	13.67%	8.96%	3.97%
2009 Q2 Serious Delinquency Rate	11.91%	6.52%	17.05%	16.78%	10.97%	5.02%
2009 Q3 Serious Delinquency Rate	13.97%	8.72%	20.19%	19.43%	12.72%	5.95%
% of 2007 Credit Losses [5]	27.8%	—	0.7%	9.8%	9.7%	7.7%
% of 2008 Credit Losses [5]	45.6%	0.0%	12.4%	20.2%	9.7%	3.4%
% of 2008 Q3 Credit Losses [5]	47.6%	0.0%	14.0%	20.9%	9.7%	3.1%
% of 2008 Q4 Credit Losses [5]	43.2%	0.1%	13.1%	18.8%	8.2%	2.9%
% of 2009 Q1 Credit Losses [5]	39.2%	0.2%	12.2%	16.2%	7.7%	2.9%
% of 2009 Q2 Credit Losses [5]	41.2%	0.3%	13.5%	16.9%	7.7%	2.8%
% of 2009 Q3 Credit Losses [5]	39.1%	0.5%	13.7%	15.3%	7.2%	2.5%
Cumulative Default Rate [6]	—	0.85%	4.43%	5.39%	3.65%	—

(1) "Alt-A mortgage loan" generally refers to a mortgage loan that can be underwritten with reduced or alternative documentation than that required for a full documentation mortgage loan but may also include other alternative product features. In reporting our Alt-A exposure, we have classified mortgage loans as Alt-A if the lenders that deliver the mortgage loans to us have classified the loans as Alt-A based on documentation or other product features. We are not providing a 2009 vintage column due to our decision to discontinue the purchase of newly originated Alt-A mortgage loans.

(2) Excludes non-Fannie Mae securities held in portfolio and those Alt-A wraps for which Fannie Mae does not have detailed loan-level information.

(3) FICO Credit scores reported in the table are those provided by the sellers of the mortgage loans at time of delivery.

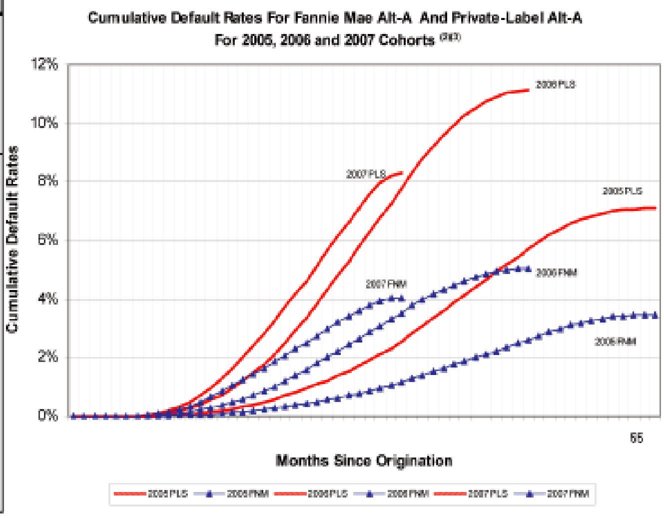
(4) Unpaid principal balance of Alt-A loans with credit enhancement as a percentage of unpaid principal balance of Alt-A loans within each specified category. At September 30, 2009, 8.8% of unpaid principal balance of Alt-A loans carried only primary mortgage insurance (no deductible), 24.7% had only pool insurance (which is generally subject to a deductible), 3.0% had primary mortgage insurance and pool insurance, and 0.06% carried other credit enhancement such as lender recourse.

(5) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2009 Q3 Form 10-Q and 2008 Form 10-K.

(6) Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and includes loan foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year.

Fannie Mae Alt-A Loans Versus Loans Underlying Private-Label Alt-A Securities

Fannie Mae Alt-A Versus Private-Label Security Conforming Alt-A	Fannie Mae Alt-A	Private-Label Alt-A
	Outstanding Alt-A loans in Fannie Mae's Single-Family Guaranty Book of Business as of August 2009	Outstanding loans backing non-agency Conforming Alt-A MBS as of August 2009
FICO	718	708
Original Loan-to-Value Ratio	73%	76%
Combined Loan-to-Value Ratio at Origination [1]	77%	81%
Geography		
California	22%	27%
Florida	11%	14%
Product Type		
Fixed Rate	72%	50%
Adjustable-Rate	28%	50%
Interest-Only	20%	25%
Negative-Amortizing	3%	21%
Investor	18%	21%



(1) Includes first liens and any subordinate liens present at origination.

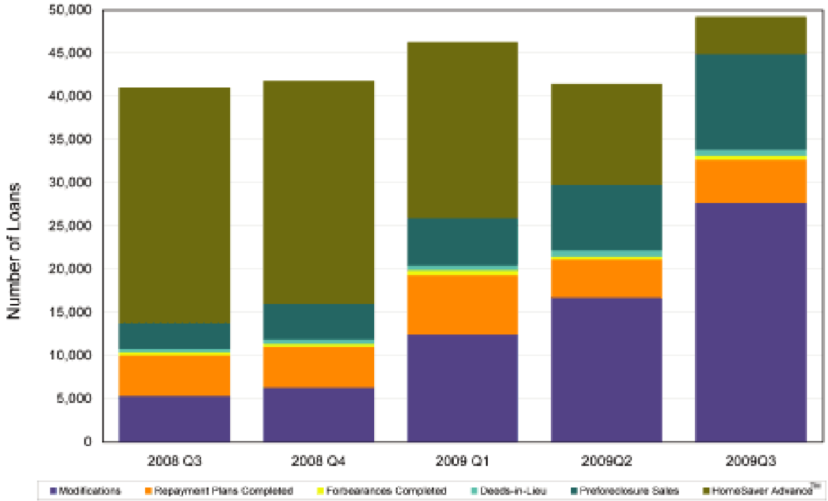
(2) Fannie Mae's cumulative default rates reflect the impact of Fannie Mae's foreclosure moratoriums in late 2008 and early 2009 and its directive to loan servicers to delay foreclosure sales until the servicers have exhausted foreclosure prevention alternatives.

(3) The Cumulative Default Rate is based upon the number of months between the loan origination month/year and default month/year.

Data as of August 2009 are not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.

Note: Private-label securities data source: First American CoreLogic, LoanPerformance data, which estimates it captures 97% of Alt-A private-label securities.

Fannie Mae Workouts by Type



- Modifications involve changes to the original mortgage loan terms, which may include a change to the product type, interest rate, amortization term, maturity date and/or unpaid principal balance. Modifications include completed modifications made under the Administration's Home Affordable Modification Program, which was implemented beginning in March 2009, but do not reflect loans currently in trial modifications under that program. Information on the Home Affordable Modification Program is provided on Slide 14.
- Repayment plans involve plans to repay past due principal and interest over a reasonable period of time through temporarily higher monthly payments. Loans with completed repayment plans are included for loans that were at least 60 days delinquent at initiation.
- Forbearances involve an agreement to suspend or reduce borrower payments for a period of time. Loans with forbearance plans are included for loans that were at least 90 days delinquent at initiation.
- Deeds in lieu of foreclosure involve the borrower's voluntarily signing over title to the property without the added expense of a foreclosure proceeding.
- In a preforeclosure sale, the borrower, working with the servicer, sells the home and pays off all or part of the outstanding loan, accrued interest and other expenses from the sale proceeds.
- HomeSaver Advance ™ are unsecured, personal loans designed to help qualified borrowers bring their delinquent mortgage loans current after a temporary financial difficulty.

FannieMae

Home Affordable Modification Program (HAMP)

- Details first announced in March 2009.
- Applies to loans owned or guaranteed by Fannie Mae or Freddie Mac, and non-agency loans meeting the HAMP eligibility requirements.
- Aimed at helping borrowers either currently delinquent or at imminent risk of default.
- Borrowers who are at risk of foreclosure must be evaluated for eligibility under the HAMP before any other workout alternatives are considered.
- Borrowers must satisfy the terms of a trial modification plan for a trial period of at least three months before a modification under the program becomes effective. Treasury has granted certain trial period extensions. For more information, refer to Fannie Mae's 2009 Q3 Form 10-Q.
- As of September 30, 2009, approximately 189,000 Fannie Mae loans were in a trial period or a completed modification under the Home Affordable Modification Program, as reported by servicers to the system of record for the Home Affordable Modification Program.

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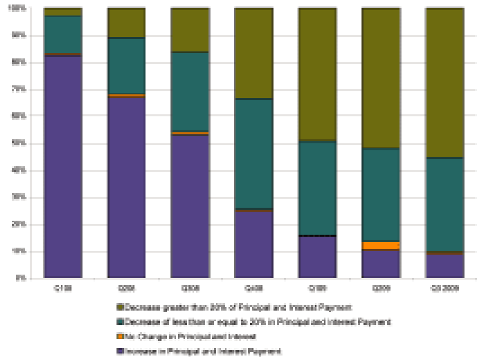
Fannie Mae Modifications of Single-Family Delinquent Loans

Change in Monthly Principal and Interest Payment of Modified Single Family Loans(1)(2)



Re-performance Rates of Modified Single Family Loans(1)(3)

% Current and Performing	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
3 Months post modification	48%	45%	55%	62%	63%
6 months post modification	33%	35%	41%	46%	n/a
9 months post modification	29%	28%	32%	n/a	n/a

(1) Excludes loans that were classified as subprime adjustable rate mortgages that were modified into fixed rate mortgages and were current at the time of modification. Modifications include completed modifications made under the Administration's Home Affordable Modification Program, which was implemented beginning in March 2009, but do not reflect loans currently in trial modifications under that program. Information on the Home Affordable Modification Program is provided on Slide 14.

(2) Represents the change in the monthly principal and interest payment at the effective date of the modification. The monthly principal and interest payment on modified loans may vary, and may increase, during the remaining life of the loan.

(3) Includes loans that paid off.

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Fannie Mae Multifamily Credit Profile by Loan Attributes

As of September 30, 2009	Unpaid Principal Balance (Billions)	Share of Multifamily Guaranty Book of Business	% Seriously Delinquent [3]
Total Multifamily Guaranty Book of Business [1] [2]	$180.26	100%	0.62%
Originating loan-to-value ratio:			
Less than or equal to 80%	$170.76	95%	0.64%
Greater than 80%	$9.50	5%	0.29%
Loan Size Distribution:			
Less than or equal to $750K	$4.40	2%	0.92%
Greater than $750K and less than or equal to $3M	$23.21	13%	0.97%
Greater than $3M and less than or equal to $5M	$17.05	9%	1.02%
Greater than $5M and less than or equal to $25M	$72.99	41%	0.59%
Greater than $25M	$62.62	35%	0.40%
Credit Enhanced Loans:			
Credit Enhanced	$161.77	90%	0.50%
Non-Credit Enhanced	$18.49	10%	1.68%
Delegated Underwriting and Servicing (DUS ®) Loans: [4]			
DUS ®	$142.03	79%	0.38%
Remaining Book	$38.23	21%	1.53%
Maturity Dates:			
Loans maturing in 2009 [5]	$8.71	5%	0.73%
Loans maturing in 2010 [5]	$4.48	2%	1.60%
Loans maturing in 2011	$8.46	5%	0.30%
Loans maturing in 2012	$16.00	9%	1.57%
Loans maturing in 2013	$19.34	11%	0.23%
Loans maturing in 2014 and Beyond	$123.27	68%	0.54%

(1) Excludes loans that have been defeased. Defeasance is prepayment of a loan through substitution of collateral, such as Treasury securities.
(2) Consists of the portion of our multifamily guaranty book of business for which we have access to detailed loan level information, which constitutes approximately 99% of our total multifamily guaranty book of business as of September 30, 2009.
(3) Multifamily loans and securities that are 60 days or more past due.
(4) Under the Delegated Underwriting and Servicing, or DUS ®, product line, Fannie Mae purchases individual, newly originated mortgages from specially approved DUS lenders using DUS underwriting standards and/or DUS loan documents. Because DUS lenders generally share the risk of loss with Fannie Mae, they are able to originate, underwrite, close and service most loans without our pre-review.
(5) Includes loans backing Discount Mortgage Backed Securities (DMBS), which are securities with maturities between three and nine months. While the DMBS securities are short-term, the loans backing them have maturities typical of other multifamily mortgages. Approximately $6.2 billion of the volume for loans maturing in 2009 is based on DMBS securities rather than the underlying loans. DMBS loans account for less than $0.2 billion of the loans maturing in 2010.

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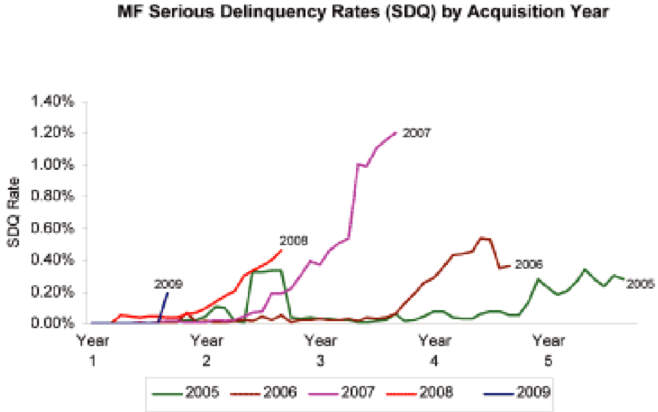
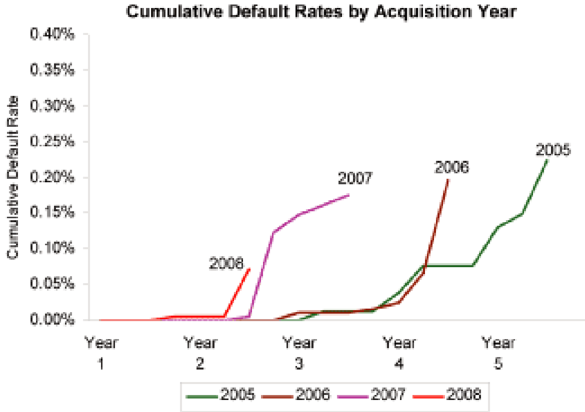
Fannie Mae Multifamily Credit Profile by Acquisition Year

MF Serious Delinquency Rates (SDQ) by Acquisition Year



Cumulative Default Rates by Acquisition Year



As of September 30, 2009	Unpaid Principal Balance (Billions)	Share of Multifamily Guaranty Book of Business	% Seriously Delinquent [3]
Total Multifamily Guaranty Book of Business [1] [2]	$180.26	100%	0.62%
By Acquisition Year:			
2009 [4]	$15.69	9%	0.19%
2008	$34.41	19%	0.46%
2007	$44.31	25%	1.20%
2006	$19.77	11%	0.36%
2005	$18.18	10%	0.28%
Prior to 2005	$47.91	26%	0.58%

(1) Excludes loans that have been defeased. Defeasance is prepayment of a loan through substitution of collateral, such as Treasury securities.

(2) Consists of the portion of our multifamily guaranty book of business for which we have access to detailed loan level information, which constitutes approximately 99% of our total multifamily guaranty book of business as of September 30, 2009.

(3) Multifamily loans and securities that are 60 days or more past due.

(4) Does not include loans backing Discount Mortgage Backed Securities (DMBS), which are securities with maturities between three and nine months. While the DMBS securities are short-term, the loans backing them have maturities typical of other multifamily mortgages. DMBS are accounted for in their original acquisition year. In the 2009 Second Quarter Credit Supplement, loans backing DMBS were included in the acquisition volume for 2009.