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): May 6, 2008

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, except to the extent, if any, expressly incorporated by specific reference in that document.

Item 2.02 Results of Operation and Financial Condition

On May 6, 2007, Fannie Mae (formally known as the Federal National Mortgage Association) issued a news release (the “News Release”) reporting the filing of its Form 10-Q for the quarter ended March 31, 2008 and 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

The News Release also reported Fannie Mae’s plans to issue common and preferred stock, and to reduce its common stock dividend. The news release also reported that the company’s regulator, the Office of Federal Housing Enterprise Oversight (OFHEO), had lifted the May 2006 Consent Order.

In addition, on May 6, 2008, Fannie Mae posted to its Web site a 2008 Q1 10-Q Investor Summary presentation consisting primarily of summary historical financial information about the company excerpted from Fannie Mae’s Form 10-Q and information about the company’s credit 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/ Stephen M. Swad

Stephen M. Swad
Executive Vice President and Chief Financial Officer

Date: May 6, 2008

EXHIBIT INDEX

The following exhibits are submitted herewith:

Exhibit Number	Description of Exhibit
99.1	News release, dated May 6, 2008
99.2	2008 1Q 10-Q Investor Summary presentation, dated May 6, 2008

Exhibit 99.1

news release

Media Hotline: 1-888-326-6694
Consumer Resource Center: 1-800-732-6643

Contact:	Chuck Greener 202-752-2616	Janis Smith 202-752-6673
Number:	4355a	
Date:	May 6, 2008	

Fannie Mae Reports First Quarter 2008 Results;
Announces Equity Offering to Increase Capital
And an Expected Reduction in Common Stock Dividend

WASHINGTON, DC — Fannie Mae (FNM/NYSE) today reported financial results for the quarter ended March 31, 2008. The company reported a net loss of ($2.2 billion), compared with a fourth quarter 2007 net loss of ($3.6 billion). First quarter 2008 results were driven primarily by increased revenues from net interest income and guaranty fee income, which were more than offset by fair value losses and credit-related expenses due to adverse market conditions. These conditions included a significant widening of credit spreads, and higher-than-expected home price declines and loan loss severity during the quarter. The mortgage credit book of business grew by three percent, and estimated market share increased to approximately 50 percent of new single-family mortgage-related securities issued. Core capital totaled $42.7 billion at the end of the quarter, $5.1 billion above the company's current regulatory requirements.

The company also announced its plan to raise $6 billion in new capital through public offerings of common stock, non-cumulative mandatory convertible preferred stock and non-cumulative, non-convertible preferred stock. The new capital will enable Fannie Mae to maintain a strong, conservative balance sheet, enhance long-term shareholder value, and provide stability to the secondary mortgage market.

Fannie Mae said that its regulator, the Office of Federal Housing Enterprise Oversight (OFHEO), had lifted the May 2006 Consent Order, and would reduce the current OFHEO-directed requirement from 20 percent capital to 15 percent upon the successful completion of the company's capital-raising plan. The company said OFHEO also indicated its intention to reduce the capital surplus by an additional 5 percentage points to a 10 percent surplus requirement in September 2008, based upon the company's continued maintenance of excess capital well above OFHEO's regulatory requirement, and no material adverse change to the company's ongoing regulatory compliance.

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As part of the company's announced plan to raise capital, Fannie Mae's Board of Directors said it intends to reduce the company's quarterly common stock dividend beginning with the third quarter of 2008 to $0.25 per share, which will make available approximately $390 million of capital annually.

In addition, Fannie Mae plans to announce a series of new initiatives called "Keys to Recovery" on a conference call with investors and analysts in connection with today's Form 10-Q filing. The new effort is geared toward providing liquidity, stability and affordability to the housing and mortgage markets for the long term, keeping struggling borrowers in their homes, assisting prospective homebuyers with home purchases, and stabilizing communities affected by the mortgage market downturn. The initiatives include 1) a new refinancing option for up-to-date but "underwater" borrowers with loans owned by Fannie Mae that will allow for refinancing up to 120 percent of a property's current value; 2) a renewal and expansion of the company's partnership with the state Housing Finance Agencies to provide $10 billion in financing for qualified, first-time homebuyers; 3) in partnership with Self-Help Credit Union, a new initiative that allows families in hard-hit communities to reside in foreclosed properties on a rent-to-own basis and 4) new jumbo-conforming loans will be priced flat to conforming for portfolio asset acquisition through the end of the year.

First Quarter 2008 Overview

- **Net loss** of ($2.2 billion), or ($2.57) per diluted share, compared with a ($3.6 billion) net loss, or ($3.80) per diluted share, for the fourth quarter of 2007. Key drivers of first quarter results were as follows:
  - Net revenues rose to $3.8 billion from $3.1 billion in the fourth quarter of 2007, as guaranty fee income increased by $131 million and net interest income increased by $554 million. The increase in net revenues reflects growth in the guaranty business, higher guaranty fees, and lower debt costs.
  - Mark-to-market fair value losses rose to ($4.4 billion) from ($3.4 billion) in the fourth quarter of 2007, primarily due to continuing adverse market conditions, including a decline in interest rates that resulted in fair value losses on derivatives, and significant widening of credit spreads that resulted in fair value losses on trading securities.

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  - Credit-related expenses — the provision for credit losses plus foreclosed property expenses — rose to $3.2 billion from $3.0 billion in the fourth quarter of 2007, primarily due to an increase in charge-offs. This reflects higher defaults and average loan loss severities, driven by national home price declines and weak economic conditions in the Midwest.

- **Combined loan loss reserves** increased to $5.2 billion as of March 31, 2008 from $3.4 billion as of December 31, 2007, as the company substantially increased its loan loss reserves to reflect losses it believes will be recorded over time in charge-offs.

- **Total mortgage credit book of business** grew by 3 percent during the quarter to $3.0 trillion as of March 31, 2008, compared with $2.9 trillion as of December 31, 2007.

- **Core capital** as of March 31, 2008 was $42.7 billion compared with $45.4 billion as of December 31, 2007, exceeding the statutory minimum capital requirement by $11.3 billion, and exceeding the statutory minimum capital requirement plus the 20 percent OFHEO-directed capital surplus requirement by $5.1 billion.

- **Losses on certain guaranty contracts** have been eliminated, beginning January 1, 2008, and going forward, in connection with the company's adoption of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). This change is described starting on page 11 of this release and in the company's Form 10-Q filed today.

- Beginning in April 2008, the company implemented **fair value hedge accounting** with respect to its derivatives used to hedge, for accounting purposes, the interest rate risk related to some of its mortgage assets. This change is described on page 12 in this release.

- **Estimated fair value of net assets** as of March 31, 2008 was $12.2 billion, compared with $35.8 billion as of December 31, 2007. The decline was due primarily to the impact of market volatility and home price declines, and also pricing changes on the company's existing guaranty obligations in connection with the adoption of SFAS 157. This change is described on page 11 of this release.

- **Shareholders' equity** was $38.8 billion as of March 31, 2008, compared with $44.0 billion as of December 31, 2007.

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"During the first quarter we saw heightened volatility in the secondary mortgage market, credit spreads that widened out to 22-year highs, and home prices that fell faster than expected," said President and Chief Executive Officer Daniel H. Mudd. "Our first quarter results, although an improvement over the last quarter, reflect these challenging market conditions. That said, we achieved another quarter of growth in our book of business and market share, and solid revenue growth from both our guaranty and investment businesses. This is likely to be the story for the months ahead — a painful cure from the housing correction — and incredibly healthy opportunities from our resurgent role at the center of the recovery. Both are happening at the same time."

Mudd added, "The additional capital we're raising will bolster our 'protect and grow' strategy — it will allow us to maintain a strong, conservative balance sheet through the housing correction, pursue growth opportunities to enhance long-term shareholder value, and provide liquidity and stability to the secondary market. Having a larger capital cushion will permit us to operate and grow from a position of strength."

Summary of 1st Quarter 2008 Results
Consolidated Financial Results

(dollars in millions)	Q1 2008	Q4 2007(1)	Variance	Q1 2007(1)	Variance
Net interest income	$ 1,690	$ 1,136	$ 554	$ 1,194	$ 496
Guaranty fee income	1,752	1,621	131	1,098	654
Trust management income	107	128	(21)	164	(57)
Fee and other income	227	214	13	277	(50)
Net revenues	3,776	3,099	677	2,733	1,043
Fair value losses, net	(4,377)	(3,439)	(938)	(566)	(3,811)
Investment gains (losses), net	(111)	(915)	804	295	(406)
Losses from partnership investments	(141)	(478)	337	(165)	24
Losses on certain guaranty contracts (2)	—	(386)	386	(283)	283
Credit-related expenses	(3,243)	(2,973)	(270)	(321)	(2,922)
Administrative expenses	(512)	(651)	139	(698)	186
Other non-interest expenses	(505)	(427)	(78)	(104)	(401)
Losses and expenses	(8,889)	(9,269)	380	(1,842)	(7,047)
Income (loss) before federal income taxes and extraordinary losses	(5,113)	(6,170)	1,057	891	(6,004)
Benefit for federal income taxes	2,928	2,623	305	73	2,855
Extraordinary losses, net of tax effect	(1)	(12)	11	(3)	2
Net income (loss)	$ (2,186)	$ (3,559)	$ 1,373	$ 961	$ (3,147)
Diluted earnings (loss) per common share	$ (2.57)	$ (3.80)	$ 1.23	$ 0.85	$ (3.42)

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

(2) Q1 2008 reflects a change in valuation methodology in conjunction with the adoption of SFAS 157 on January 1, 2008.

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“Our revenues grew and our net loss narrowed in the first quarter, but our results were driven overwhelmingly by market-valuation losses on derivatives and trading securities, and our increase in charge-offs and the provision for credit losses,” Executive Vice President and Chief Financial Officer Stephen M. Swad said. “Going forward, we expect our financial results to continue to be affected by the difficult market. However, the implementation and adoption of new accounting standards and business practices should have the effect of reducing the market-related volatility impact on capital.”

Net revenues: First quarter 2008 net revenues of $3.8 billion represent a 21.8 percent increase from the fourth quarter of 2007 and a 38.2 percent increase from the first quarter of 2007. Key drivers included:

- **Guaranty fee income** rose to $1.8 billion, or 8.1 percent over the fourth quarter of 2007, reflecting three percent quarterly growth in the guaranty book of business, and a one basis point, or 3.5 percent, increase in the average effective guaranty rate, to 29.5 basis points. The increase in average effective guaranty fee rate was due in part to accretion of guaranty obligation related to losses recognized at the inception of certain guaranty contracts into income, which totaled $297 million for the first quarter of 2008.

- **Net interest income** rose to $1.7 billion, or 48.8 percent, over the fourth quarter of 2007, as the tax-equivalent net interest yield increased to 86 basis points from 62 basis points. Lower debt costs contributed to the increase in net interest yield. The largest impact on net interest income during the quarter resulted from the redemption of step-rate debt, at levels greater than prior quarters, and the reversal of interest accrued on the debt because it was called before all the interest was paid. Backing out this item in each quarter, the tax-equivalent net interest yield grew 12 basis points over the fourth quarter, and net interest income grew by 29.1 percent.

Losses and expenses: First quarter 2008 losses and expenses of $8.9 billion represent a 4.1 percent decrease from the fourth quarter of 2007, and compare with $1.8 billion in the first quarter of 2007. Key drivers included:

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- **Credit-related expenses**, which totaled $3.2 billion, including a $1.8 billion addition to the combined loss reserves, compared with $3.0 billion (including a $2.0 billion addition to the loss reserves) in the fourth quarter of 2007. Credit losses for the quarter were driven primarily by loans originated between 2005 and 2007 in states experiencing home price declines or economic weakness.
- **Net fair value losses**, which increased to $4.4 billion, compared with $3.4 billion in the fourth quarter of 2007. The primary driver was derivatives fair value losses as interest rates fell during the quarter. A second driver was an increase in fair value losses on trading securities, primarily due to a significant widening of credit spreads during the first quarter of 2008, which more than offset the positive impact that the decline in interest rates during the quarter had on the value of these securities.

Business Overview

- **Single-Family Credit Guaranty** book of business grew by three percent during the quarter to $2.7 trillion as of March 31, 2008, compared with $2.6 trillion at the end of the fourth quarter of 2007. The market share of new single-family mortgage-related securities issued reached an estimated 50.1 percent for the first quarter, compared to 48.5 percent for the fourth quarter of 2007. The serious delinquency rate in the single-family book as of March 31, 2008, increased to 1.15 percent, from 0.98 percent as of December 31, 2007, and single-family credit-related expenses increased by 9.8 percent from the previous quarter to $3.3 billion.
- **Housing and Community Development**'s multifamily guaranty book of business grew by 3.6 percent in the first quarter to $153.9 billion as of March 31, 2008, compared with $148.6 billion as of December 31, 2007. Multifamily credit-related expenses decreased from an expense of $10 million in the fourth quarter of 2007 to income of $11 million in the first quarter of 2008.
- **Capital Markets**' mortgage portfolio balance remained relatively flat at $716.5 billion as of March 31, 2008, driven by liquidations of $23.6 billion, portfolio sales of $13.5 billion, and purchases of $35.5 billion.

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Capital Update

Fannie Mae's stockholders' equity was $38.8 billion as of March 31, 2008, compared with $44.0 billion as of December 31, 2007.

Core capital as of March 31, 2008 was an estimated $42.7 billion, compared with $45.4 billion as of December 31, 2007. The company's capital exceeded the statutory minimum by $11.3 billion, or 36.2 percent, and the statutory minimum plus the OFHEO-directed 20 percent surplus by $5.1 billion, or 13.5 percent.

On March 19, 2008, OFHEO reduced the capital surplus requirement established by Fannie Mae's May 2006 Consent Order with OFHEO from 30 percent to 20 percent. OFHEO also announced that Fannie Mae was in full compliance with the Consent Order. In addition, OFHEO removed the limitation on the size of Fannie Mae's mortgage portfolio, effective March 1, 2008. Subsequent actions regarding the capital surplus requirement are described on page one of this release.

Capital-raising plan: Fannie Mae is raising $6 billion in new capital through underwritten public offerings of new securities. The company commences today two offerings totaling $4 billion of common stock and non-cumulative mandatory convertible preferred stock. This offering will be followed in the very near future by an offering of non-cumulative, non-convertible preferred stock.

Net proceeds of the offerings will be used for general corporate purposes, including to enable the company to maintain a strong, conservative balance sheet, enhance long-term shareholder value, and provide stability to the secondary mortgage market, as noted on page one of this release.

All of the common stock is being newly issued by the company. Fannie Mae has granted the underwriters 30-day options to purchase from the company up to an additional 15 percent each of the common stock and non-cumulative mandatory convertible preferred stock.

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The common stock and mandatory convertible preferred stock offerings will be managed by Lehman Brothers Inc., and J.P. Morgan Securities Inc., as joint book-running managers. Copies of the preliminary Offering Circulars are available on Fannie Mae's Web site and can be obtained from both underwriters at the following addresses:

- Lehman Brothers Inc., c/o Broadridge, Integrated Distribution Services, 1144 Long Island Avenue, Edgewood, NY 11717; fax 631-254-7140, or email: qiana.smith@broadridge.com.
- J.P. Morgan Securities Inc., 4 Chase Metrotech Center, CS Level, Brooklyn, NY 11245, Attention: Chase Distribution & Support Service Northeast Statement Processing Phone: (718) 242-8002.

Credit Update

Fannie Mae's credit-related expenses continued to increase in the first quarter of 2008 as a result of higher charge-offs, defaults and average loan loss severities.

Total Credit-Related Expenses. Credit-related expenses increased to $3.2 billion in the first quarter of 2008 from $3.0 billion for the fourth quarter of 2007. The key drivers are as follows:

- The provision for credit losses attributable to the guaranty book of business increased to $2.3 billion for the first quarter of 2008, from $2.2 billion for the fourth quarter of 2007.
- The provision for credit losses attributable to fair value losses on loans purchased from MBS trusts ("SOP-03-3") increased to $728 million for the first quarter of 2008 from $559 million for the fourth quarter of 2007.
- Foreclosed property expenses decreased to $170 million for the first quarter of 2008, from $179 million for the fourth quarter of 2007.

Credit Loss Ratio. Management assesses the company's credit performance by reviewing the company's credit loss ratio, which consists of loan charge-offs (net of recoveries and excluding losses on loans purchased from MBS trusts) plus foreclosed property expenses, as a percentage of the average guaranty book of business.

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For the first quarter of 2008, the credit loss ratio was 12.6 basis points, compared with 8.1 basis points in the fourth quarter of 2007. If the fair value losses on loans purchased from MBS trusts were included, the credit loss ratio would have been 20.7 basis points for the first quarter of 2008, compared with 14.8 basis points for the fourth quarter of 2007.

Credit Loss Concentration. Credit losses on Fannie Mae's single-family credit guaranty book of business were concentrated in states experiencing large home price declines or economic weakness, including California, Florida, Michigan and Ohio. For example, loans from Michigan made up 3.1 percent of the single-family conventional mortgage credit book of business, but 22.9 percent of credit losses in the first quarter of 2008, while loans from California made up 15.3 percent of the single-family conventional mortgage credit book of business, but 18.6 percent of credit losses, in the first quarter of 2008. Because the home price declines began in 2006 in some states, or accelerated in 2006 in other states, loans originated in 2006 and 2007 have a significantly higher loss rate than previous years' originations. On a product basis, single-family Alt-A loan products have experienced significant losses compared to their percentage of the book both because the majority were originated at the recent peak of the national home prices, and they have higher risk characteristics such as lower documentation and a higher percentage of interest-only loans. Alt-A loans made up about 11.2 percent of the single-family conventional mortgage credit book of business and 42.7 percent of the credit losses.

Further information about the credit quality and loss experience of different portions of Fannie Mae's single-family conventional mortgage credit book is available in the company's Investor Summary, which is provided on the company's Web site with this release.

Alt-A and Subprime Private-Label Securities. Fannie Mae recognized $1.1 billion in losses during the first quarter of 2008 on mortgage-related securities backed by Alt-A and subprime loans that were classified as trading securities.

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In addition, the company recorded $52 million of other-than-temporary impairment on $751 million of unpaid principal balance of subprime private-label securities classified as available-for-sale (AFS). This decision was made after management concluded (based on credit analysis including internal stress test scenarios on these securities) that it was no longer probable that the company would collect all of the contractual principal and interest amounts due, or no longer intended to hold the securities until recovery. Gross unrealized losses related to Alt-A and subprime securities classified as AFS totaled $8.0 billion as of March 31, 2008, compared with $3.3 billion as of December 31, 2007, driven by widening credit spreads in the market.

Management Actions on Credit. The company continues to pursue and implement additional measures intended to help homeowners succeed. These measures include reduced participation in higher-risk mortgage segments, and tightening underwriting and eligibility standards, including requiring higher credit scores, lower loan-to-value ratios and increased documentation, and significantly reducing Alt-A acquisitions. Loss mitigation efforts include increasing company credit operations staff dedicated to on-site oversight at the offices of its largest loan-servicers to help guide loss mitigation decisions and ensure adherence to Fannie Mae policies. The company also has extended the maximum collection forbearance period for delinquent loans from four to six months, and provides incentives to attorneys and servicers to pursue alternatives to foreclosure. In addition, the company has purchased credit enhancement on riskier loans, primarily in prior quarters, and also actively monitors counterparties.

In the first quarter of 2008, Fannie Mae announced new mortgage eligibility and pricing updates for loans underwritten through Desktop Underwriter® with the release of Version 7.0, and for manually underwritten loans. These updates become effective on June 1, 2008 and include 1) new or revised credit score requirements and lower maximum loan-to-value ratio requirements for manually underwritten loans; 2) a minimum credit score of 580 for most mortgage loans delivered; 3) a longer time period (increased from four to five years) before loans are accepted from borrowers with a prior foreclosure; and 4) no further acceptance of borrowers with excessive prior mortgage delinquencies.

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Fair Value Update

Fair value of net assets: Fannie Mae also reported a $23.6 billion decline in the non-GAAP estimated fair value of its net assets, from $35.8 billion at year-end 2007 to $12.2 billion as of March 31, 2008. The widening of mortgage-to-debt spreads caused a decline of roughly $8.4 billion. In addition, the fair value of guaranty obligations increased by approximately $16.0 billion. This increase resulted both from an increase in the underlying risk in the company's credit guaranty book of business, as declining home prices continued to adversely affect mark-to-market loan-to-value ratios, and from an increase in the estimate of the risk premium required to take mortgage credit risk in the current market, as indicated by the pricing of new guaranty business.

Changes in Fair Value Accounting

Fannie Mae's financial results for the first quarter of 2008 were affected by its adoption of the following new accounting standards relating to the valuation of the financial instruments it holds.

- *Fair Value Option.* In connection with its adoption of Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159), effective January 1, 2008, Fannie Mae elected to report a larger portion of its financial instruments at fair value, with changes in the fair value of these instruments included in its results of operations. In connection with the company's election to report additional financial instruments at fair value, it now reports all changes in the fair value of its trading securities, debt and derivatives collectively in the "Fair value losses, net" line item of its condensed consolidated statement of operations.
- *Fair Value Measurements.* In connection with the company's adoption of SFAS No. 157, *Fair Value Measurements* (SFAS 157), on January 1, 2008, Fannie Mae implemented a prospective change in its method of measuring the fair value of the guaranty obligations it incurs when it enters into guaranty contracts. Accordingly, the company no longer recognizes losses or records deferred profit in its financial statements at inception of its guaranty contracts issued after December 31, 2007.

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This change had a favorable impact on the company's results of operations for the quarter. Although the company no longer recognizes losses at the inception of its guaranty contracts, it will continue to accrete previously recognized losses into its guaranty fee income over time until these losses have been fully amortized. The change in the company's method of measuring the fair value of its guaranty obligations contributed to a significant decline in the non-GAAP estimated fair value of its net assets as of March 31, 2008.

Hedge accounting. Beginning in April 2008, Fannie Mae implemented fair value hedge accounting with respect to its derivatives to hedge, for accounting purposes, the interest rate risk related to some of its mortgage assets. The company believes the application of hedge accounting will allow it to offset the fair value gains or losses on some of its derivative instruments against the corresponding fair value losses or gains attributable to changes in interest rates on the specific hedged mortgage assets. As a result, the company expects a reduction in the level of volatility in its financial results that is attributable to changes in interest rates. However, the company's implementation of hedge accounting will not affect its exposure to spread risk or the volatility in its financial results that result from changes in credit spreads.

Outlook

Fannie Mae expects severe weakness in the housing market to continue in 2008. The company believes this housing weakness will lead to increased delinquencies, defaults and foreclosures on mortgage loans, and slower growth in U.S. residential mortgage debt outstanding, in 2008. Based on this market outlook, Fannie Mae currently has the following expectations about its financial performance in 2008:

- Credit. Management's preliminary estimate is that home prices declined by approximately 3 percent during the first quarter of 2008, which exceeded the pace of the decline anticipated when the company provided its full year forecast of home price declines of 5 to 7 percent for 2008. Therefore, the company is updating its full-year estimate for home price declines in 2008 to a range of 7 to 9 percent on a national basis, with significant regional differences in the rate of home price declines.

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Based on this and related increases in anticipated loan loss severity on foreclosures during the first quarter, management now expects that the credit loss ratio will be between 13 and 17 basis points for the full year 2008.

- Capital. Management believes that the additional capital being raised, as described in this release, will enable the company to pursue growth and investment opportunities while also maintaining a prudent capital cushion in a volatile and challenging market through 2008 and 2009. Although future credit conditions are difficult to predict, the company plans capital using stress scenarios that, among other things, assume credit losses that are significantly higher than its current estimates, including default rate assumptions developed from the company's experience with the economic conditions in California in the 1990s, extrapolated for most of the nation. Management believes that credit losses will increase in 2009 relative to 2008.

- Business growth. Management believes that Fannie Mae's single-family guaranty book of business will continue to grow faster than the rate of overall growth in U.S. residential mortgage debt outstanding, and that guaranty fee income will also grow in 2008 as compared to 2007. Single-family business volume has benefited in recent months from a significant reduction in competition from private issuers of mortgage-related securities and reduced demand for mortgage assets from other market participants. Fannie Mae also has experienced — and expects to continue to experience — increased competition from the Federal Housing Administration (FHA) due to the recent increase in the maximum loan limit for FHA-insured loans in specified high-cost metropolitan areas to $729,750 from a previous limit of $362,790 pursuant to the Economic Stimulus Act of 2008. This increased competition may negatively affect the company's single-family business volume in 2008. Single-family business volume may also be reduced by the additional price increases and underwriting changes the company is implementing this year.

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- Net interest income. Management expects that if the interest-rate yield curve continues to remain steep throughout 2008, and if option-adjusted spreads on mortgage assets remain at historically high levels, the company's taxable-equivalent net interest yield for the full year would increase over the taxable-equivalent net interest yield of 61 basis points for 2007. If current market conditions continue, the company expects its tax-equivalent net interest yield (excluding the benefit received from the redemption of step-rate debt securities during the first quarter of 2008) to continue to increase for the remainder of 2008.

The company provides additional detail on trends that may affect the result of operations, financial condition, liquidity and regulatory capital position in future periods in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Form 10-Q.

"As the market correction continues, we will continue to play both offense and defense," Mudd said. "Defense means building and conserving our capital, helping homeowners succeed, controlling our credit losses, and maintaining adequate reserves for further credit losses as the correction plays out. Offense means using our capital to help the market through this period and pursuing extraordinary opportunities to purchase and guarantee high-quality, well-priced mortgage assets. By helping the market bridge this crisis and get to recovery, Fannie Mae can build a strong book of business and shareholder value for the future."

Conference Call

Fannie Mae will host a conference call for the investment community today at 10:30 a.m., Eastern Time. Mary Lou Christy, Senior Vice President, Investor Relations, will host the call. Daniel H. Mudd, President and Chief Executive Officer, Stephen M. Swad, Executive Vice President and Chief Financial Officer, and Robert Levin, Executive Vice President and Chief Business Officer, will address investors and analysts and will be available for a question-and-answer session along with other members of senior management.

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The dial-in number for the call is **1-877-209-9922** or, for international callers, **612-332-0932**. The confirmation code is **9200753.** Please dial in 5 to 10 minutes prior to the start of the call. A replay of the call will be available for 30 days starting at 1:00 p.m. Eastern Time on May 6, through midnight Eastern Time on June 3.

The replay number for the call is **1-800-475-6701**, or for international callers, **320-365-3844**. The confirmation code is **920753.** The conference call will also be Web cast at *www.fanniemae.com* and will be available for 30 days after the call.

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Certain statements in this press release, including those relating to future performance, income, credit-related expenses, credit losses, net interest yield, guaranty fees, fair value of assets, other expenses, income and losses; current view of industry trends and our expectations for the industry; future plans; the volatility of financial results; plans to raise capital and the amount, as well as planned use of the net proceeds; and future business activities, may be considered forward-looking statements within the meaning of the federal securities laws. Although Fannie Mae believes that the expectations set forth in these statements are based upon reasonable assumptions, Fannie Mae's future plans, operations and its actual performance may differ materially from what is indicated in any forward-looking statements. Additional information that could cause actual results to differ materially from these statements are detailed in Fannie Mae's quarterly report on Form 10-Q for the period ended March 31, 2008, and its annual report on Form 10-K for the year ended December 31, 2007, including the "Risk Factors" section in these reports, and in its reports on Form 8-K.

All forms Fannie Mae filed with the SEC can also be obtained on the company's web site at www.fanniemae.com/ir/sec/.

Fannie Mae is a shareholder-owned company with a public mission. We exist 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 ensure that mortgage bankers and other lenders have enough funds to lend to home buyers at low rates. In 2008, we mark our 70th year of service to America's housing market. Our job is to help to those who house America.

This press release does not constitute an offer to sell or the solicitation of an offer to buy securities of Fannie Mae. Nothing in this press release constitutes advice on the merits of buying or selling a particular investment. Any investment decision as to any purchase of securities referred to herein must be made solely on the basis of information contained in Fannie Mae's applicable offering documents, and that no reliance may be placed on the completeness or accuracy of the information contained in this press release.

You should not deal in securities unless you understand their nature and the extent of your exposure to risk. You should be satisfied that they are suitable for you in the light of your circumstances and financial position. If you are in any doubt you should consult an appropriately qualified financial advisor.

ANNEX I
FANNIE MAE

Condensed Consolidated Balance Sheets

(Dollars in millions, except share amounts)
(Unaudited)

	As of March 31, 2008	As of December 31, 2007
ASSETS		
Cash and cash equivalents	$ 1,997	$ 3,941
Restricted cash	307	561
Federal funds sold and securities purchased under agreements to resell	20,484	49,041
Investments in securities:		
Trading, at fair value (includes Fannie Mae MBS of $56,102 and $40,458 as of March 31, 2008 and December 31, 2007, respectively)	110,573	63,956
Available-for-sale, at fair value (includes Fannie Mae MBS of $119,064 and $138,943 as of March 31, 2008 and December 31, 2007, respectively)	228,228	293,557
Total investments in securities	338,801	357,513
Mortgage loans:		
Loans held for sale, at lower of cost or market	8,486	7,008
Loans held for investment, at amortized cost	403,442	397,214
Allowance for loan losses	(993)	(698)
Total loans held for investment, net of allowance	402,449	396,516
Total mortgage loans	410,935	403,524
Advances to lenders	11,732	12,377
Accrued interest receivable	3,676	3,812
Acquired property, net	4,721	3,602
Derivative assets at fair value	1,037	885
Guaranty assets	9,823	9,666
Deferred tax assets	17,806	12,967
Partnership investments	10,579	11,000
Other assets	11,329	10,500
Total assets	$ 843,227	$ 879,389
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accrued interest payable	$ 6,622	$ 7,512
Federal funds purchased and securities sold under agreements to repurchase	711	869
Short-term debt (includes debt at fair value of $4,501 as of March 31, 2008)	215,916	234,160
Long-term debt (includes debt at fair value of $15,132 as of March 31, 2008)	544,424	562,139
Derivative liabilities at fair value	4,123	2,217
Reserve for guaranty losses (includes $315 and $211 as of March 31, 2008 and December 31, 2007, respectively, related to Fannie Mae MBS included in Investments in securities)	4,202	2,693
Guaranty obligations (includes $612 and $661 as of March 31, 2008 and December 31, 2007, respectively, related to Fannie Mae MBS included in Investments in securities)	15,521	15,393
Partnership liabilities	3,757	3,824
Other liabilities	8,957	6,464
Total liabilities	804,233	835,271
Minority interests in consolidated subsidiaries	158	107
Commitments and contingencies (Note 17)	—	—
Stockholders' Equity:		
Preferred stock, 700,000,000 shares authorized — 466,375,000 shares issued and outstanding as of March 31, 2008 and December 31, 2007	16,913	16,913
Common stock, no par value, no maximum authorization — 1,129,090,420 shares issued as of March 31, 2008 and December 31, 2007; 975,406,899 shares and 974,104,578 shares outstanding as of March 31, 2008 and December 31, 2007, respectively	593	593
Additional paid-in capital	1,622	1,831
Retained earnings	30,844	33,548
Accumulated other comprehensive loss	(3,841)	(1,362)
Treasury stock, at cost, 153,683,521 shares and 154,985,842 shares as of March 31, 2008 and December 31, 2007, respectively	(7,295)	(7,512)
Total stockholders' equity	38,836	44,011
Total liabilities and stockholders' equity	$ 843,227	$ 879,389

See Notes to Condensed Consolidated Financial Statements.

FANNIE MAE

Condensed Consolidated Statements of Operations

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

	For the Three Months Ended March 31, 2008	2007
Interest income:		
Trading securities	$ 1,737	$ 191
Available-for-sale securities	3,085	5,212
Mortgage loans	5,662	5,385
Other	458	218
Total interest income	10,942	11,006
Interest expense:		
Short-term debt	2,561	2,216
Long-term debt	6,691	7,596
Total interest expense	9,252	9,812
Net interest income	1,690	1,194
Guaranty fee income (includes imputed interest of $235 and $279 for the three months ended March 31, 2008 and 2007, respectively)	1,752	1,098
Losses on certain guaranty contracts	—	(283)
Trust management income	107	164
Investment gains (losses), net	(111)	295
Fair value losses, net	(4,377)	(566)
Debt extinguishment losses, net	(145)	(7)
Losses from partnership investments	(141)	(165)
Fee and other income	227	277
Non-interest income (loss)	(2,688)	813
Administrative expenses:		
Salaries and employee benefits	286	356
Professional services	136	246
Occupancy expenses	54	59
Other administrative expenses	36	37
Total administrative expenses	512	698
Minority interest in earnings of consolidated subsidiaries	—	1
Provision for credit losses	3,073	249
Foreclosed property expense	170	72
Other expenses	360	96
Total expenses	4,115	1,116
Income (loss) before federal income taxes and extraordinary losses	(5,113)	891
Benefit for federal income taxes	(2,928)	(73)
Income (loss) before extraordinary losses	(2,185)	964
Extraordinary losses, net of tax effect	(1)	(3)
Net income (loss)	$ (2,186)	$ 961
Preferred stock dividends and issuance costs at redemption	(322)	(135)
Net income (loss) available to common stockholders	$ (2,508)	$ 826
Basic earnings (loss) per share:		
Earnings (loss) before extraordinary losses	$ (2.57)	$ 0.85
Extraordinary losses, net of tax effect	—	—
Basic earnings (loss) per share	$ (2.57)	$ 0.85
Diluted earnings (loss) per share:		
Earnings (loss) before extraordinary losses	$ (2.57)	$ 0.85
Extraordinary losses, net of tax effect	—	—
Diluted earnings (loss) per share	$ (2.57)	$ 0.85
Cash dividends per common share	$ 0.35	$ 0.40
Weighted-average common shares outstanding:		
Basic	975	973
Diluted	975	974

See Notes to Condensed Consolidated Financial Statements.

FANNIE MAE

Condensed Consolidated Statements of Cash Flows

(Dollars in millions)
(Unaudited)

	For the Three Months Ended March 31, 2008	For the Three Months Ended March 31, 2007
Cash flows provided by (used in) operating activities:		
Net income (loss)	$ (2,186)	$ 961
Amortization of debt cost basis adjustments	2,731	2,374
Derivatives fair value adjustments	1,971	1,508
Purchases of loans held for sale	(15,103)	(5,968)
Proceeds from repayments of loans held for sale	132	129
Net change in trading securities	42,483	(2,025)
Other, net	90	(708)
Net cash provided by (used in) operating activities	30,118	(3,729)
Cash flows provided by investing activities:		
Purchases of trading securities held for investment	(389)	—
Proceeds from maturities of trading securities held for investment	2,461	—
Proceeds from sales of trading securities held for investment	2,443	—
Purchases of available-for-sale securities	(5,318)	(49,207)
Proceeds from maturities of available-for-sale securities	8,291	39,104
Proceeds from sales of available-for-sale securities	3,055	30,673
Purchases of loans held for investment	(14,712)	(14,029)
Proceeds from repayments of loans held for investment	12,655	14,849
Advances to lenders	(29,778)	(8,632)
Net proceeds from disposition of acquired property	(327)	482
Net change in federal funds sold and securities purchased under agreements to resell	29,194	(2,451)
Other, net	162	126
Net cash provided by investing activities	7,737	10,915
Cash flows used in financing activities:		
Proceeds from issuance of short-term debt	505,103	474,440
Payments to redeem short-term debt	(525,882)	(485,098)
Proceeds from issuance of long-term debt	87,972	58,756
Payments to redeem long-term debt	(106,179)	(53,756)
Net change in federal funds purchased and securities sold under agreements to repurchase	(149)	167
Other, net	(664)	(1,226)
Net cash used in financing activities	(39,799)	(6,717)
Net increase (decrease) in cash and cash equivalents	(1,944)	469
Cash and cash equivalents at beginning of period	3,941	3,239
Cash and cash equivalents at end of period	$ 1,997	$ 3,708
Cash paid during the period for:		
Interest	$ 10,187	$ 9,965
Income taxes	220	1,088
Non-cash activities:		
Securitization-related transfers from mortgage loans held for sale to investments in securities	$ 10,445	$ 4,425
Net transfers of loans held for sale to loans held for investment	3,275	498
Net deconsolidation transfers from mortgage loans held for sale to investments in securities	(83)	162
Transfers from advances to lenders to trading securities	28,333	7,741
Net consolidation-related transfers from investments in securities to mortgage loans held for investment	655	1,762
Transfers to trading securities from the effect of adopting SFAS 159	56,217	—

See Notes to Condensed Consolidated Financial Statements.

FANNIE MAE

Condensed Consolidated Statements of Changes in Stockholders' Equity

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

	Shares Outstanding						Accumulated		
	Preferred	Common	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance as of December 31, 2006	132	972	$ 9,108	$ 593	$ 1,942	$ 37,955	$ (445)	$ (7,647)	$ 41,506
Cumulative effect from the adoption of FIN 48, net of tax	—	—	—	—	—	4	—	—	4
Balance as of January 1, 2007, adjusted	132	972	9,108	593	1,942	37,959	(445)	(7,647)	41,510
Comprehensive income:									
Net income	—	—	—	—	—	961	—	—	961
Other comprehensive income, net of tax effect:									
Unrealized gains on available-for-sale securities (net of tax of $185)	—	—	—	—	—	—	343	—	343
Reclassification adjustment for gains included in net income (net of tax of $81)	—	—	—	—	—	—	(150)	—	(150)
Unrealized losses on guaranty assets and guaranty fee buy-ups (net of tax of $15)	—	—	—	—	—	—	(27)	—	(27)
Net cash flow hedging losses (net of tax of $1)	—	—	—	—	—	—	(1)	—	(1)
Prior service cost and actuarial gains, net of amortization for defined benefit plans (net of tax of $1)	—	—	—	—	—	—	1	—	1
Total comprehensive income									1,127
Common stock dividends ($0.40 per share)	—	—	—	—	—	(390)	—	—	(390)
Preferred stock dividends	—	—	—	—	—	(129)	—	—	(129)
Preferred stock redeemed	(14)	—	(700)	—	—	—	—	—	(700)
Treasury stock issued for stock options and benefit plans	—	1	—	—	(108)	—	—	121	13
Balance as of March 31, 2007	118	973	$ 8,408	$ 593	$ 1,834	$ 38,401	$ (279)	$ (7,526)	$ 41,431
Balance as of December 31, 2007	466	974	$ 16,913	$ 593	$ 1,831	$ 33,548	$ (1,362)	$ (7,512)	$ 44,011
Cumulative effect from the adoption of SFAS 157 and SFAS 159, 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)	44,066
Comprehensive loss:									
Net loss	—	—	—	—	—	(2,186)	—	—	(2,186)
Other comprehensive loss, net of tax effect:									
Unrealized losses on available-for-sale securities (net of tax of $1,260)	—	—	—	—	—	—	(2,339)	—	(2,339)
Reclassification adjustment for gains included in net loss (net of tax of $5)	—	—	—	—	—	—	(9)	—	(9)
Unrealized losses on guaranty assets and guaranty fee buy-ups (net of tax of $20)	—	—	—	—	—	—	(38)	—	(38)
Total comprehensive loss									(4,572)
Common stock dividends ($0.35 per share)	—	—	—	—	—	(344)	—	—	(344)
Preferred stock dividends	—	—	—	—	—	(322)	—	—	(322)
Treasury stock issued for stock options and benefit plans	—	1	—	—	(209)	—	—	217	8
Balance as of March 31, 2008	466	975	$ 16,913	$ 593	$ 1,622	$ 30,844	$ (3,841)	$ (7,295)	$ 38,836

See Notes to Condensed Consolidated Financial Statements.

Supplemental Non-GAAP Consolidated Fair Value Balance Sheets[1]

	As of March 31, 2008			As of December 31, 2007		
	GAAP Carrying Value	Fair Value Adjustment[1]	Estimated Fair Value	GAAP Carrying Value[2]	Fair Value Adjustment[1]	Estimated Fair Value[2]
	(Dollars in millions)					
Assets:						
Cash and cash equivalents	$ 2,304	$ —	$ 2,304[3]	$ 4,502	$ —	$ 4,502[3]
Federal funds sold and securities purchased under agreements to resell	20,484	15	20,499[3]	49,041	—	49,041[3]
Trading securities	110,573	—	110,573[3]	63,956	—	63,956[3]
Available-for-sale securities	228,228	—	228,228[3]	293,557	—	293,557[3]
Mortgage loans:						
Mortgage loans held for sale	8,486	147	8,633[4]	7,008	75	7,083[4]
Mortgage loans held for investment, net of allowance for loan losses	402,449	4,118	406,567[4]	396,516	70	396,586[4]
Guaranty assets of mortgage loans held in portfolio	—	3,711	3,711[4][5]	—	3,983	3,983[4][5]
Guaranty obligations of mortgage loans held in portfolio	—	(7,915)	(7,915)[4][5]	—	(4,747)	(4,747)[4][5]
Total mortgage loans	410,935	61	410,996[3][4]	403,524	(619)	402,905[3][4]
Advances to lenders	11,732	(265)	11,467[3]	12,377	(328)	12,049[3]
Derivative assets at fair value	1,037	—	1,037[3]	885	—	885[3]
Guaranty assets and buy-ups, net	10,808	3,481	14,289[3][5]	10,610	3,648	14,258[3][5]
Total financial assets	796,101	3,292	799,393[3]	838,452	2,701	841,153[3]
Master servicing assets and credit enhancements	1,592	5,011	6,603[5][6]	1,783	2,844	4,627[5][6]
Other assets	45,534	15,195	60,729[6][7]	39,154	5,418	44,572[6][7]
Total assets	$ 843,227	$ 23,498	$ 866,725	$ 879,389	$ 10,963	$ 890,352
Liabilities:						
Federal funds purchased and securities sold under agreements to repurchase	$ 711	$ —	$ 711[3]	$ 869	$ —	$ 869[3]
Short-term debt	215,916[8]	526	216,442[3]	234,160	208	234,368[3]
Long-term debt	544,424[8]	25,616	570,040[3]	562,139	18,194	580,333[3]
Derivative liabilities at fair value	4,123	—	4,123[3]	2,217	—	2,217[3]
Guaranty obligations	15,521	29,578	45,099[3]	15,393	5,156	20,549[3]
Total financial liabilities	780,695	55,720	836,415[3]	814,778	23,558	838,336[3]
Other liabilities	23,538	(5,596)	17,942[9]	20,493	(4,383)	16,110[9]
Total liabilities	804,233	50,124	854,357	835,271	19,175	854,446
Minority interests in consolidated subsidiaries	158	—	158	107	—	107
Stockholders' Equity (Deficit):						
Preferred	16,913	(2,633)	14,280[10]	16,913	(1,565)	15,348[10]
Common	21,923	(23,993)	(2,070)[11]	27,098	(6,647)	20,451[11]
Total stockholders' equity/non-GAAP fair value of net assets	**$ 38,836**	**$ (26,626)**	**$ 12,210**	**$ 44,011**	**$ (8,212)**	**$ 35,799**
Total liabilities and stockholders' equity	$ 843,227	$ 23,498	$ 866,725	$ 879,389	$ 10,963	$ 890,352

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 condensed consolidated balance sheets and our best judgment of the estimated fair value of the listed item.

(2) Certain prior period amounts have been reclassified to conform to the current period presentation.

(3) We determined the estimated fair value of these financial instruments in accordance with the fair value guidelines outlined in SFAS No. 157, as described in "Notes to Condensed Consolidated Financial Statements—Note 16, Fair Value of Financial Instruments." In Note 16, we also disclose the carrying value and estimated fair value of our total financial assets and total financial liabilities as well as discuss the methodologies and assumptions we use in estimating the fair value of our financial instruments.

(4) We have separately presented the estimated fair value of "Mortgage loans held for sale," "Mortgage loans held for investment, net of allowance for loan losses," "Guaranty assets of mortgage loans held in portfolio" and "Guaranty obligations of mortgage loans held in portfolio," which, taken together, represent total mortgage loans reported in our GAAP condensed consolidated balance sheets. In order to present the fair value of our guarantees in these non-GAAP consolidated fair value balance sheets, we have separated (i) the embedded fair value of the guaranty assets, based on the terms of our intra-company guaranty fee allocation arrangement, and the embedded fair value of the obligation from (ii) the fair value of the mortgage loans held for sale and the mortgage loans held for investment. 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 business, 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 Note 16 of the condensed consolidated financial statements, the combined amounts together equal the carrying value and estimated fair value amounts of total mortgage loans in Note 16.

(5) 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." The GAAP carrying value of our guaranty assets reflects only those guaranty arrangements entered into subsequent to our adoption of FIN No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FIN No. 34)* ("FIN 45"), on January 1, 2003. On a GAAP basis, our guaranty assets totaled $9.8 billion and $9.7 billion as of March 31, 2008 and December 31, 2007, respectively. The associated buy-ups totaled $985 million and $944 million as of March 31, 2008 and December 31, 2007, respectively. In our non-GAAP supplemental consolidated 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 $16.7 billion and $18.1 billion as of March 31, 2008 and December 31, 2007, 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 "Critical Accounting Policies and Estimates—Change in Measuring the Fair Value of Guaranty Obligations"

(6) The line items "Master servicing assets and credit enhancements" and "Other assets" together consist of the assets presented on the following five line items in our GAAP condensed consolidated balance sheets: (i) Accrued interest receivable; (ii) Acquired property, net; (iii) Deferred tax assets; (iv) Partnership investments; and (v) Other assets. The carrying value of these items in our GAAP condensed consolidated balance sheets together totaled $48.1 billion and $41.9 billion as of March 31, 2008 and December 31, 2007, respectively. We deduct the carrying value of the buy-ups associated with our guaranty obligation, which totaled $985 million and $944 million as of March 31, 2008 and December 31, 2007, 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 SFAS 107 disclosure in Note 16. We have estimated the fair value of master servicing assets and credit enhancements based on our fair value methodologies discussed in Note 16.

(7) With the exception of partnership investments and deferred tax assets, the GAAP carrying values of other assets generally approximate fair value. While we have included partnership investments at their carrying value in each of the non-GAAP supplemental consolidated fair value balance sheets, the fair values of these items are generally different from their GAAP carrying values, potentially materially. Our LIHTC partnership investments included in partnership investments had a carrying value of $7.7 billion and $8.1 billion and an estimated fair value of $8.7 billion and $9.3 billion as of March 31, 2008 and December 31, 2007, respectively. We assume that certain other assets, consisting primarily of prepaid expenses, have no fair value. Our GAAP-basis deferred tax assets are described in "Notes to Condensed Consolidated Financial Statements—Note 10, Income Taxes." We adjust the GAAP-basis deferred income taxes for purposes of each of our non-GAAP supplemental consolidated fair value balance sheets to include estimated income taxes on the difference between our non-GAAP supplemental consolidated fair value balance sheets net assets, including deferred taxes from the GAAP condensed consolidated balance sheets, and our GAAP condensed consolidated balance sheets stockholders' equity. Because our adjusted deferred income taxes are a net asset in each year, the amounts are included in our non-GAAP fair value balance sheets as a component of other assets.

(8) Includes short-term debt and long-term debt at fair value totaling $4.5 billion and $15.1 billion, respectively, as of March 31, 2008.

(9) The line item "Other liabilities" consists of the liabilities presented on the following four line items in our GAAP condensed consolidated balance sheets: (i) Accrued interest payable; (ii) Reserve for guaranty losses; (iii) Partnership liabilities; and (iv) Other liabilities. The carrying value of these items in our GAAP condensed consolidated balance sheets together totaled $23.5 billion and $20.5 billion as of March 31, 2008 and December 31, 2007, 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.

(10) "Preferred stockholders' equity" is reflected in our non-GAAP supplemental condensed consolidated fair value balance sheets at the estimated fair value amount.

(11) "Common stockholders' equity" consists of the stockholders' equity components presented on the following five line items in our GAAP consolidated balance sheets: (i) Common stock; (ii) Additional paid-in capital; (iii) Retained earnings; (iv) Accumulated other comprehensive loss; and (v) Treasury stock, at cost. "Common stockholders' equity" is the residual of the excess of the estimated fair value of total assets over the estimated fair value of total liabilities, after taking into consideration preferred stockholders' equity and minority interest in consolidated subsidiaries.

Exhibit 99.2

Fannie Mae
2008 Q1 10-Q Investor Summary

FannieMae

May 6, 2008

FannieMae

- 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 March 31, 2008 ("2008 Q1 Form 10-Q"). These materials should be reviewed together with the 2008 Q1 Form 10-Q, copies of which are available on the company's Web site at www.fanniemae.com under the "Investor Relations" section of the Web site.
- More complete information about Fannie Mae, its business, business segments, financial condition and results of operations is contained in its 2008 Q1 Form 10-Q, which also includes more detailed explanations and additional information relating to the information contained in this presentation. Footnotes to the included tables have been omitted.

Forward Looking Statements/Risk Factors

This presentation includes forward-looking statements, including statements relating to our future capital position, financial performance and condition, ability to take advantage of business opportunities, market share and credit losses; our strategy; the fair value of our net assets; our expectations regarding the housing, credit and mortgage markets; volatility in our results; and our future credit loss ratio. Future results may differ materially from what is indicated in these forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, greater than expected delinquencies and credit losses on the mortgages we hold or guaranty; impairments, delinquencies and losses on loans that back our private-label mortgage-related securities investments; further declines in home prices in excess of our current expectations; a recession or other economic downturn; a default by one or more of our significant institutional counterparties on its obligations to us; the loss of business volume from any of our key lender customers; widening of credit spreads; and changes in interest rates, as well as others described in the "Risk Factors" sections in Fannie Mae's annual report on Form 10-K for the year ended December 31, 2007 ("2007 Form 10-K") and 2008 Q1 Form 10-Q and in its reports on Form 8-K.

Other terms used but not defined in this presentation may be defined in our 2007 Form 10-K or 2008 Q1 Form 10-Q.

FannieMae

2008 Q1 Executive Summary

- **Net loss decreased $1.4 billion from ($3.6 billion) in 2007 Q4 to ($2.2 billion) in 2008 Q1.**
  - Net revenues grew $0.7 billion or 21.8%, driven by increases in guaranty fee income and net interest income.
  - Fair value losses increased $0.9 billion or 27.3% from $3.4 billion to $4.4 billion driven by wider spreads on trading assets and interest rate declines that caused derivatives losses to remain high.
  - The provision for credit losses plus foreclosed property expenses rose to $3.2 billion from $3.0 billion in 2007 Q4 primarily due to an increase in charge-offs. This reflects higher defaults and average loss severities, driven by national home price declines and weak economic conditions in the Midwest.
- **EPS increased $1.23 from ($3.80) in 2007 Q4 to ($2.57) in 2008 Q1.**
- **Capital in excess of the OFHEO mandated 20% surplus increased to $5.1 billion in 2008 Q1 versus $3.9 billion in 2007 Q4 primarily due to the reduction of the surplus requirement from 30% to 20%.**
  - Progress with regulator on reducing excess capital levels.
- **Fannie Mae announced plans to raise $6 billion in new capital.**
  - Public offerings of common stock, non-cumulative mandatory convertible preferred stock and, in the very near future, non-cumulative, non-convertible preferred stock.
  - New capital will enable us to maintain a strong conservative balance sheet, enhance long-term shareholder value, and provide stability to the secondary mortgage market.
- **Credit remains a top focus of the company.**
  - Management continues to tighten eligibility standards and actively mitigate credit losses.
- **Addressing market-related volatility impact on capital**
  - Eliminated losses on certain guaranty contracts as a result of adopting new accounting standard, SFAS 157.
  - On January 1, 2008, in connection with a new accounting standard, SFAS 159, we re-designated $18.1 billion of agency securities as trading which we expect will have the effect of reducing the impact of changing interest rates on our derivatives marked-to-market.
  - In mid-April, we implemented hedge accounting which we expect will have the effect of decreasing the impact of derivative mark to market changes.
  - Implemented HomeSaver Advance™ initiative which we expect will allow homeowners to stay in their homes and also will mitigate losses on loans purchased from MBS trusts.

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Consolidated Financial Results

(dollars in millions, except per share amounts)	Detail on slide:	2008 Q1	2007 Q4 [1]	2007 Q3 [1]	2007 Q2 [1]	2007 Q1 [1]
1 **Net interest income**	**5**	**$ 1,690**	**$ 1,136**	**$ 1,058**	**$ 1,193**	**$ 1,194**
2 **Guaranty fee income**	**6**	**1,752**	**1,621**	**1,232**	**1,120**	**1,098**
3 Trust management income		107	128	146	150	164
4 Fee and other income	45	227	214	217	257	277
5 **Net revenues**		**3,776**	**3,099**	**2,653**	**2,720**	**2,733**
6 **Fair value gains (losses), net**	**7, 8**	**(4,377)**	**(3,439)**	**(2,087)**	**1,424**	**(566)**
7 **Investment gains (losses), net**	**10**	**(111)**	**(915)**	**(154)**	**(93)**	**295**
8 Losses from partnership investments		(141)	(478)	(147)	(215)	(165)
9 Losses on certain guaranty contracts [2]		-	(386)	(294)	(461)	(283)
10 **Credit-related expenses**	**12**	**(3,243)**	**(2,973)**	**(1,200)**	**(518)**	**(321)**
11 Administrative expenses		(512)	(651)	(660)	(660)	(698)
12 Other non-interest expenses		(505)	(427)	(95)	(60)	(104)
13 **Net losses and expenses**		**(8,889)**	**(9,269)**	**(4,637)**	**(583)**	**(1,842)**
14 Income (loss) before federal income taxes and extraordinary gains (losses)		(5,113)	(6,170)	(1,984)	2,137	891
15 Benefit (provision) for federal income taxes		2,928	2,623	582	(187)	73
16 Extraordinary gains (losses), net of tax effect		(1)	(12)	3	(3)	(3)
17 Net income (loss)		$ (2,186)	$ (3,559)	$ (1,399)	$ 1,947	$ 961
18 Diluted earnings (loss) per common share		$ (2.57)	$ (3.80)	$ (1.56)	$ 1.86	$ 0.85

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

[2] 2008 Q1 reflects a change in valuation methodology in conjunction with the adoption of SFAS 157 on January 1, 2008.

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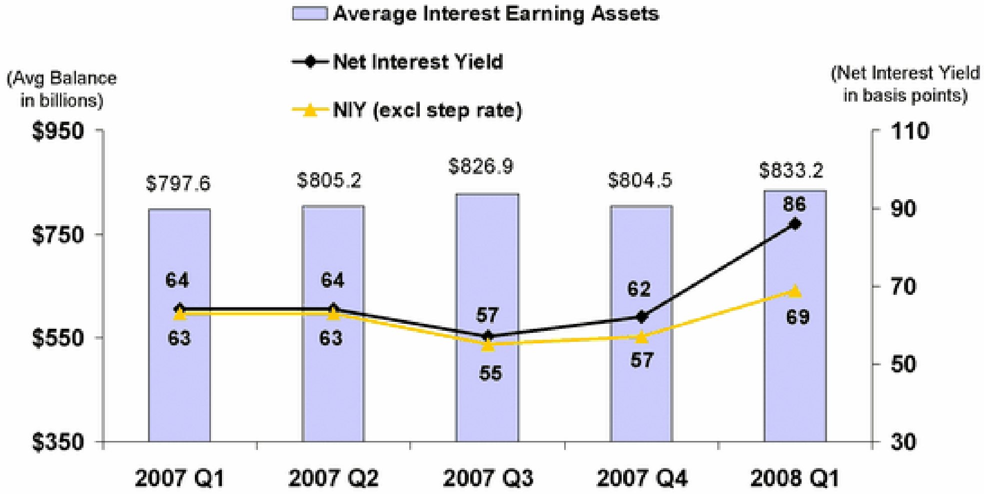
Tax-Equivalent Net Interest Income and Yield



	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1
GAAP Net Interest Income ($M)	$1,194	$1,193	$1,058	$1,136	$1,690
Tax-equivalent adjustment ($M)	92	90	87	85	83
Tax-equivalent NII ($M)	$1,286	$1,283	$1,145	$1,221	$1,773
Step rate debt impact ($M)	22	19	28	96	347

- Redemption of step rate debt added 17 bps, on an annualized basis, to the net interest yield in 2008 Q1. This reflects the reversal of interest accrued on step-rate debt because the debt was called before all the interest was paid.
- SOP 03-3 accretion increased net interest income by $35 million in 2008 Q1 (2 bps positive impact on net interest yield), $38 million in 2007 Q4 (2 bps), $21 million in 2007 Q3 (1 bp), $14 million in 2007 Q2 (1 bp), and $7 million in 2007 Q1 (less than 1 bp).
- If current market conditions continue, we expect net interest yield (excluding the benefit received from the redemption of step rate debt securities during 2008 Q1) to continue to increase for the remainder of 2008.

Our net interest yield reflected the benefits of a steeper yield curve as we shifted our funding mix to a higher proportion of lower-rate, short-term debt.

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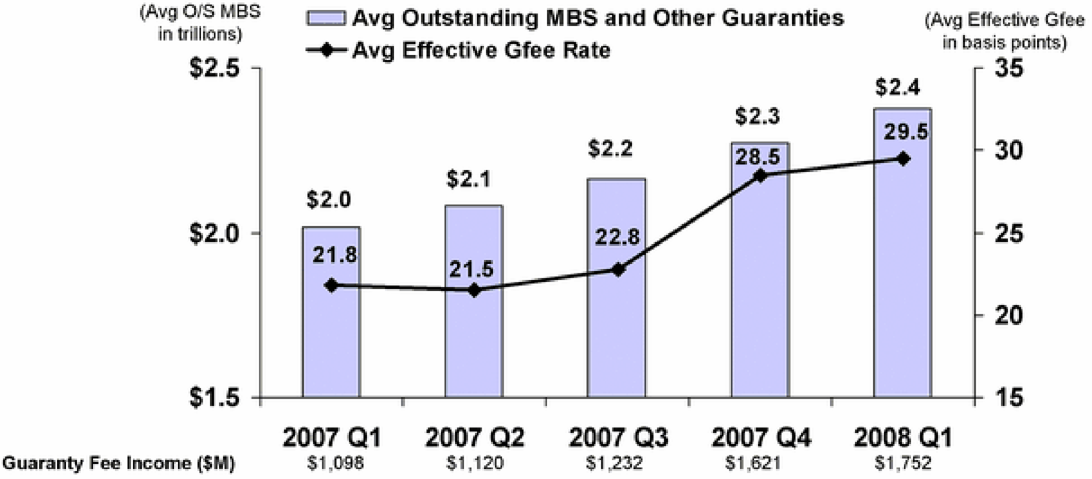
Guaranty Fee Income



- Accretion of previously recognized losses on certain guaranty contracts (LCGC) increased guaranty fee income by $297 million in 2008 Q1, $276 million in 2007 Q4, $144 million in 2007 Q3, $91 million in 2007 Q2, and $92 million in 2007 Q1. These accretion amounts will be more than the cumulative LCGC recognized in previous periods due to the treatment of upfront cash items and credit enhancements received at the inception of the guaranty contracts.
- Amortization of deferred fees accounted for a substantial portion of the increase in effective guaranty fee rate from 2007 Q3 to 2007 Q4. Such amortization was roughly flat in 2008 Q1 versus 2007 Q4.
- Average charged guaranty fee on new business was 25.9 bps in 2008 Q1 versus 29.2 bps in 2007 Q4. Average charged fee for March 2008 was 27.9 bps from 26.5 bps for December 2007 and 25.6 bps for March 2007.
- Price increases went into effect on March 1, 2008, and an additional price increase is scheduled to go into effect in June 2008. The impact of the March price increase was partially offset by a decline in acquisitions of higher-risk, higher-priced product such as Alt-A.

Growth in guaranty fee income driven primarily by book growth and an increase in average effective guaranty fee rate.

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Fair Value Items

Effect on 2008 Q1 Results of Operations of Significant Market-Based Valuation Adjustments

(dollars in millions)	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Derivatives fair value gains (losses), net	$ (3,003)	$ (3,222)	$ (2,244)	$ 1,916	$ (563)
Gains (losses) on trading securities, net	(1,227)	(215)	290	(501)	61
Debt foreign exchange gains (losses), net	(157)	(2)	(133)	9	(64)
Debt fair value gains, net	10	-	-	-	-
Fair value gains (losses), net	(4,377)	(3,439)	(2,087)	1,424	(566)
SOP 03-3 fair value losses	(728)	(559)	(670)	(66)	(69)
Losses on certain guaranty contracts	-	(386)	(294)	(461)	(283)
Total	$ (5,105)	$ (4,384)	$ (3,051)	$ 897	$ (918)

- **Principal reasons for fair value declines:**
  - Reduced levels of liquidity in the mortgage and credit markets resulted in wider credit spreads creating significant losses – primarily on our CMBS, subprime, Alt-A, and non-mortgage trading securities.
  - Declines in interest rates drove derivative losses with only partial offsets from trading securities.
- **Reducing market-related volatility impact on capital:**
  - Implemented hedge accounting in April 2008, which should have the effect of reducing capital fluctuations associated with changes in interest rates.
  - Eliminated losses on certain guaranty contracts as a result of adopting SFAS 157 on January 1, 2008.

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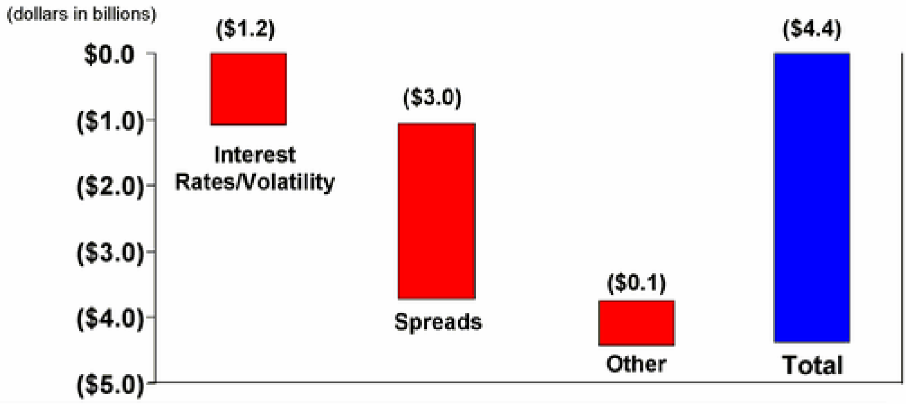
Fair Value Items

Effect on 2008 Q1 Results of Operations of Significant Market-Based Valuation Adjustments



Derivatives ($B)	($3.1)	$ -	$0.1	($3.0)
Trading ($B)	$1.8	($3.0)	$ -	($1.2)
Other ($B)	$ -	$ -	($0.1)	($0.1)
Total ($B)	($1.2)	($3.0)	($0.1)	($4.4)

Actions to reduce future interest rate volatility associated with these items:

- In connection with adoption of SFAS 159, moved selected agency MBS to MTM accounting to reduce the impact of changing interest rates on derivative MTM.
- Implemented hedge accounting in April 2008.

Wider credit spreads caused trading losses and lower interest rates triggered derivative losses. Hedge accounting is expected to have the effect of reducing volatility created by interest rates. Spread risk remains in trading portfolio.

Numbers may not foot due to rounding

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Trading Portfolio – Mortgage Securities

(dollars in billions)
gains (losses) pre-tax

Product	As of March 31, 2008 Fair Value	Spread Sensitivity (OAS + 1 bp)
Trading portfolio mortgage securities		
Fixed Rate MBS	$ 39.3	(0.012)
ARM MBS	7.1	(0.001)
Agency CMOs	12.3	(0.006)
PLS	7.0	(0.002)
CMBS	10.9	(0.006)
Munis	0.8	(0.001)
Total	$ 77.4	(0.029)

Spread changes will still have an impact on income and capital.

Numbers may not foot due to rounding

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Investment Gains (Losses), Net

(dollars in millions)	2008 Q1	2007 Q4 [1]	2007 Q3 [1]	2007 Q2 [1]	2007 Q1 [1]
Other-than-temporary impairment on AFS securities	$ (55)	$ (736)	$ (75)	$ -	$ (3)
Lower-of-cost-or-market adjustments on held-for-sale loans	(71)	12	3	(115)	(3)
Gains (losses) on Fannie Mae portfolio securitizations, net	42	(376)	(65)	(11)	49
Gains on sales of AFS securities, net	33	325	52	55	271
Other investment losses, net	(60)	(140)	(69)	(22)	(19)
Investment gains (losses), net	$ (111)	$ (915)	$ (154)	$ (93)	$ 295

[1] Certain amounts have been reclassified to conform with the current period presentation.

- 2007 Q4 other-than-temporary impairment ($736 million) was driven by impairment of securities in our liquid investment portfolio. Beginning in 2008 Q1, these securities were re-designated as trading and marked-to-market through fair value gains (losses).

Lower impairment losses drove the reduction in investment losses in 2008 Q1.

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Subprime and Alt-A Private-Label Securities (In Portfolio)

(dollars in billions)	As of 3/31/08									
		UPB		Fair Value		Gross Unrealized Losses on AFS Securities		Net Trading Losses (2008 Q1)	Avg. Fair Value Price	Avg. Credit Enhancement
Subprime										
AFS	$	25.6	$	21.4	$	(4.0)			$ 83.66	36.8%
Trading		4.8		3.8				(0.5)	79.25	36.4%
PL Wraps										
AFS		0.2		0.2		(0.0)			96.55	63.0%
Trading		8.1		7.5				(0.1)	92.38	28.9%
Total Subprime	$	38.7	$	32.9	$	(4.0)	$	(0.5)	$ 85.00	35.2%
Alt-A										
AFS	$	26.7	$	22.9	$	(4.0)			$ 85.63	18.3%
Trading		3.9		3.0				(0.6)	77.21	57.9%
Total Alt-A	$	30.6	$	25.8	$	(4.0)	$	(0.6)	$ 84.56	23.4%
TOTAL	**$**	**69.2**	**$**	**58.7**	**$**	**(8.0)**	**$**	**(1.1)**	**$ 84.80**	**30.0%**

- Since the beginning of 2007, Fannie Mae has recorded through earnings net losses of $0.9 billion on Alt-A and $2.3 billion on subprime private-label securities and wraps.
- Current unrealized losses at March 31, 2008, on these trading securities is $2.3 billion.
- Additional detail regarding these securities is provided in Appendix I, pages 36-38.

Subprime and Alt-A AFS securities continue to perform and are credit-enhanced.

Numbers may not foot due to rounding

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Credit-Related Expenses/Credit Loss Performance Metrics

(dollars in millions)	2008 Q1 Amount	2008 Q1 Rate (bps)	2007 Q4 Amount	2007 Q4 Rate (bps) (1)	2007 Q3 Amount	2007 Q3 Rate (bps) (1)	2007 Q2 Amount	2007 Q2 Rate (bps) (1)	2007 Q1 Amount	2007 Q1 Rate (bps) (1)
Charge-offs, net of recoveries	$ 630	9.0	$ 307	4.6	$ 197	3.0	$ 154	2.5	$ 121	2.0
Foreclosed property expense	250	3.6	233	3.5	146	2.3	96	1.5	85	1.4
Credit losses, excluding the impact of SOP 03-3	**880**	**12.6**	**540**	**8.1**	**343**	**5.3**	**250**	**4.0**	**206**	**3.4**
SOP 03-3 fair value losses	728	10.5	559	8.3	670	10.5	66	1.1	69	1.2
Impact of SOP 03-3 on charge-offs and foreclosed property expense	(169)	(2.4)	(110)	(1.6)	(62)	(1.0)	(26)	(0.4)	(25)	(0.4)
Credit losses, including the impact of SOP 03-3	1,439	20.7	989	14.8	951	14.8	290	4.7	250	4.2
Increase in allowance for loan losses and reserve for guaranty losses	1,804		1,984		249		228		71	
Credit-related expenses	$ 3,243		$ 2,973		$ 1,200		$ 518		$ 321	
Allowance for loan losses and reserve for guaranty losses	$ 5,195		$ 3,391		$ 1,407		$ 1,158		$ 930	
Percent of allowance for loan losses and reserve for guaranty losses to the guaranty book of business	0.18%		0.12%		0.05%		0.05%		0.04%	
Single-family serious delinquency rate	1.15%		0.98%		0.78%		0.64%		0.62%	

(1) We previously calculated our credit loss ratio based on annualized credit losses as a percentage of our mortgage credit book of business, which includes non-Fannie Mae mortgage-related securities held in our mortgage investment portfolio that we do not guarantee. Because losses related to non-Fannie Mae mortgage-related securities are not reflected in our credit losses, we revised the calculation of our credit loss ratio to reflect credit losses as a percentage of our guaranty book of business. All ratios are annualized.

- Credit loss ratio (excluding the impact of SOP 03-3) increased to 12.6 bps in 2008 Q1 from 8.1 bps in 2007 Q4.
- The company expects the 2008 credit loss ratio of 13 to 17 basis points (excluding the impact of SOP 03-3) based on home price declines in 2008 of 7 to 9 percent. We also expect peak-to-trough declines in home prices of 15 to 19 percent.
- Allowance for loan losses and reserve for guaranty losses are influenced by a variety of factors such as delinquency trends, borrower behavior in rapidly declining markets, and the pace and depth of home price declines, particularly pronounced in certain regions. If the current negative trend in the housing market continues, we expect a further increase in our loss reserves during 2008 due to higher delinquencies, defaults, and loan loss severities.
- We expect credit losses to increase in 2009 relative to 2008.

Increased realized credit losses drive higher credit-related expenses. Credit remains a key focus of the company.

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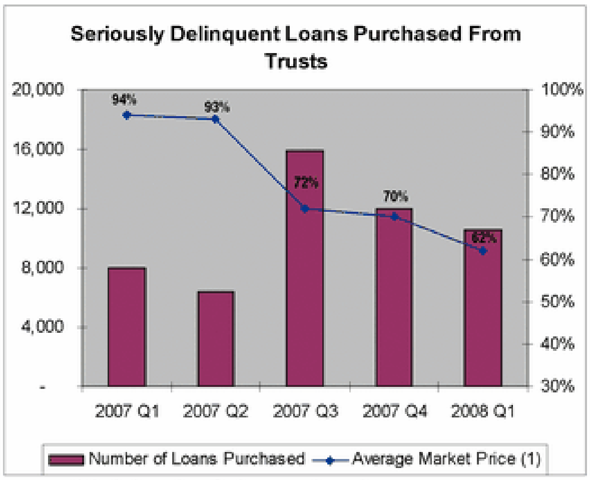
Losses on Seriously Delinquent Loans Purchased from Trusts/Cure Rates



(1) Includes value of primary mortgage insurance

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

	Period Loans Purchased from MBS Trusts						
	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1	2007	2006
Cured[1]	44%	49%	37%	52%	54%	46%	65%
Defaults[2]	2%	11%	25%	18%	23%	19%	22%
90 days or more delinquent	54%	40%	38%	30%	23%	35%	13%
Total	100%	100%	100%	100%	100%	100%	100%

(1) In our experience, it generally takes at least 18 to 24 months to assess the ultimate re-performance of a delinquent loan. Accordingly, these re-performance statistics as of March 31, 2008 for delinquent loans purchased from MBS trusts during 2008 and 2007 may not be indicative of the ultimate long-term performance of these loans.

(2) Consists of foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosures.

- Despite a reduction in the number of seriously delinquent loans purchased from MBS trusts, SOP 03-3 losses increased in 2008 Q1 as the average fair value of loans purchased fell from 70% in Q4 2007 to 62% in Q1 2008.
- Going forward, we expect that HomeSaver Advance™, initiated in March 2008, will reduce the number of loans that we otherwise would have purchased out of MBS trusts in 2008.

Increased losses on seriously delinquent loans purchased from MBS trusts driven by declines in average market price.

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Proactive Credit Management

- **Tightening underwriting and eligibility standards / reduced participation in riskier segments**
  - Stricter eligibility requirements - increasing FICOs, lowering LTVs and increasing documentation requirements
  - Significantly reduced Alt-A acquisitions
- **Increasing loss mitigation efforts**
  - Focused on work-outs
  - Encourage servicers to ramp up work-outs and outreach programs to delinquent borrowers
  - Provide incentives to attorneys and servicers to pursue alternatives to foreclosure
- **Benefiting from credit enhancement on riskier loans; credit enhancement purchased primarily in prior quarters.**
- **Actively monitoring counterparties and enhancing counterparty collateral requirements**
  - Credit enhancement providers
  - Servicers

Substantial loss mitigation efforts are underway.

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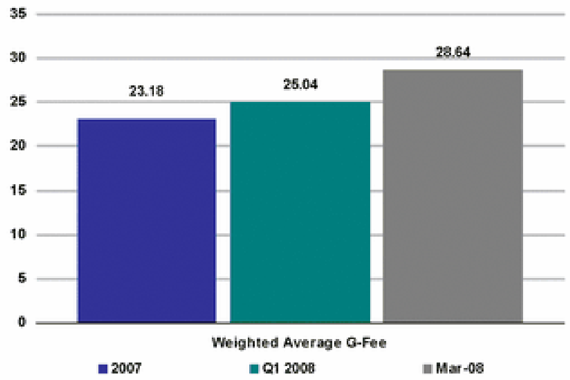
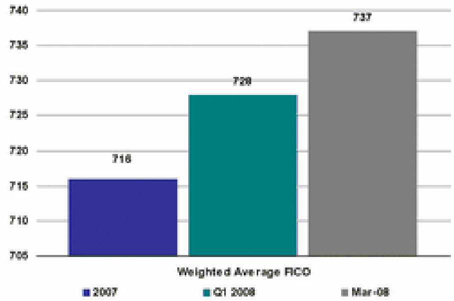
Single-Family Pricing and Credit

G-Fee Rate

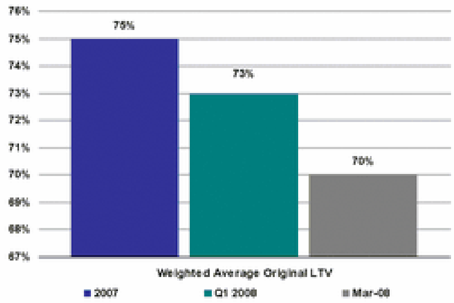


Note: Figures are for Fannie Mae "flow" business only.

Credit Score – All Products



LTV Ratio – All Products



Improved credit and pricing metrics on new acquisitions, at the same time market share increases.

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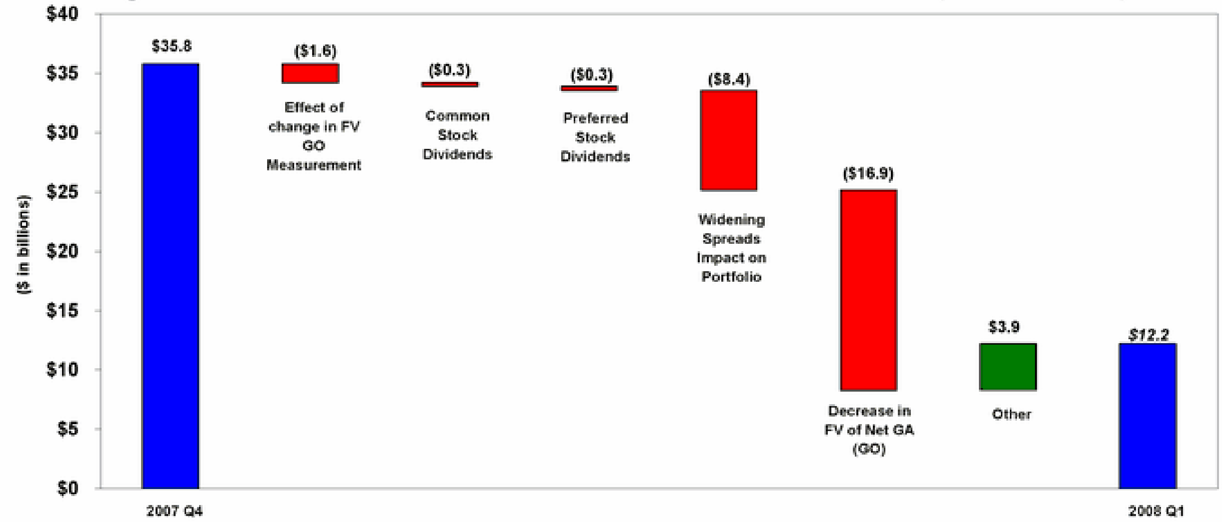
Change in Estimated After-Tax Fair Value of Net Assets (Non-GAAP)



- Fair value of net assets decreased by $21.4 billion, excluding the effect of the change in measuring the fair value of the GO and capital transactions, driven by change in GO and widening spreads.
- Under our new methodology, the GO value is estimated based on our most recent pricing for issuance of our guaranty.
- Approximately 40% of the increase in the fair value of our net guaranty obligation resulted from an increase in the underlying risk in our credit guaranty book as delinquencies increased and home prices declined; the remaining approximately 60% of the increase resulted from an increase in the risk premium required to take mortgage credit risk in the current market, as indicated by the pricing of our new guaranty business.

Increase in guaranty obligation and wider credit spreads reduced the fair value of net assets.

The estimated fair value of our net assets (non-GAAP) represents the estimated fair value of total assets less the estimated fair value of total liabilities. We reconcile the estimated fair value of our net assets (non-GAAP) to total stockholders' equity (GAAP) in Appendix II (pg 49) and Table 32 of our 2008 Q1 Form 10-Q.

Numbers may not foot due to rounding

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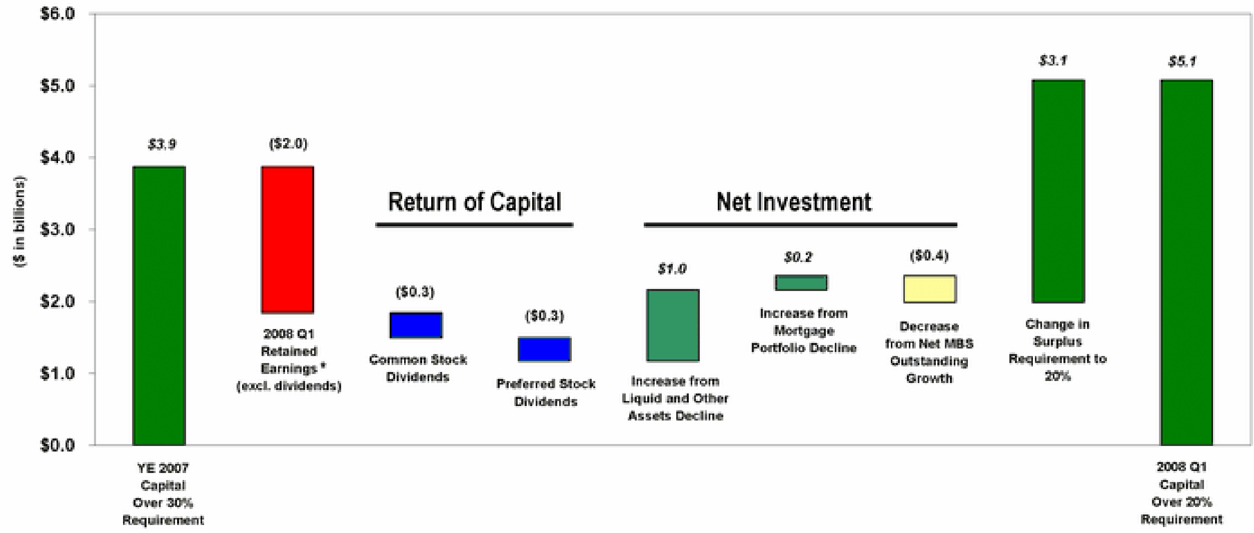
2008 Q1 Capital Surplus - Sources and Uses of Excess Capital



Note: 2008 Q1 capital surplus is a Fannie Mae estimate, and has not been certified by OFHEO

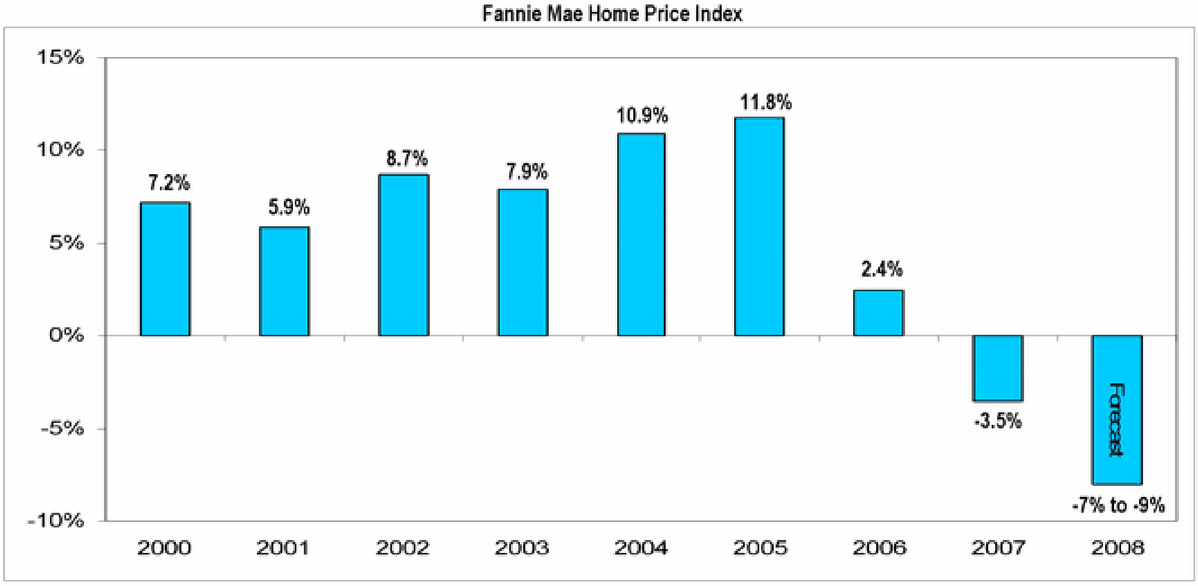
* Includes impact of adopting SFAS 157 and SFAS 159 effective January 1, 2008.

At March 31, 2008, Fannie Mae had $42.7 billion of core capital and a $5.1 billion capital surplus.

Numbers may not foot due to rounding

APPENDIX I – Credit

Home Price Growth Rate in the U.S.

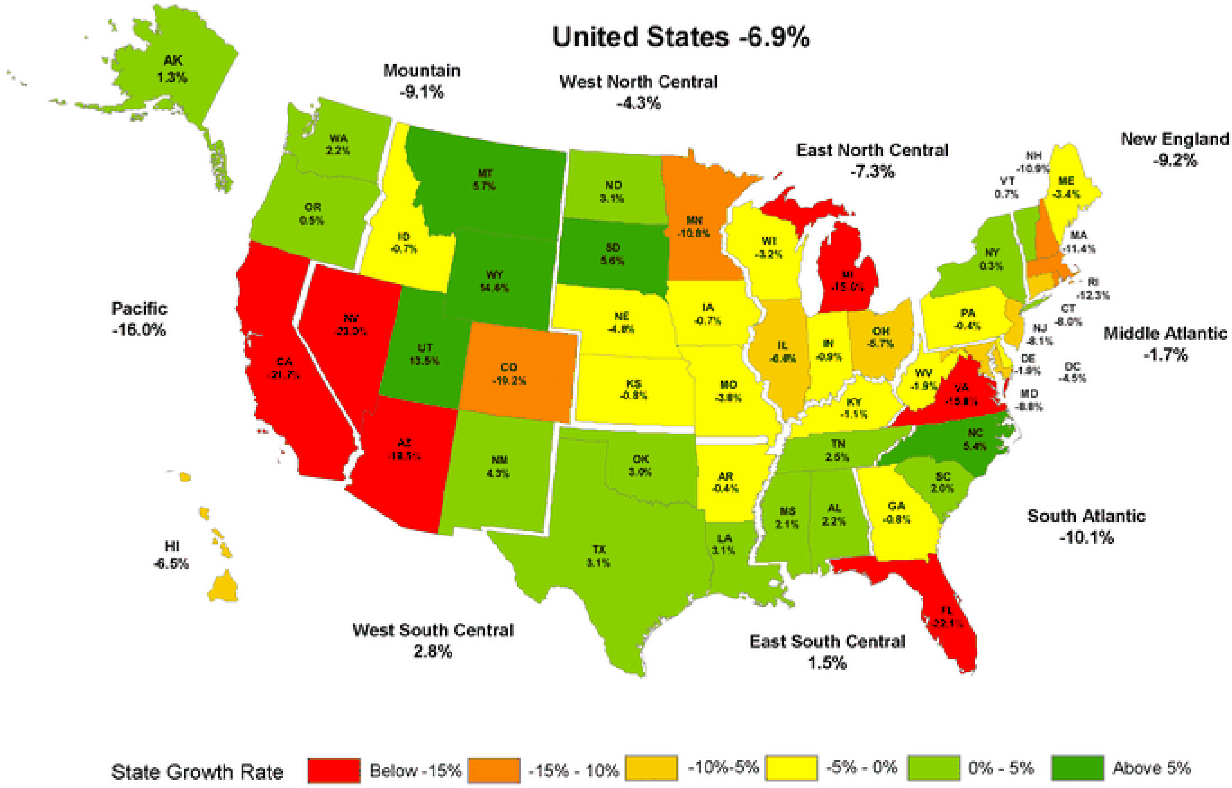


S&P/Case Shiller Index	9.8%	7.7%	10.6%	10.7%	14.6%	14.7%	0.2%	-8.9%

Growth rates are from period-end to period-end.

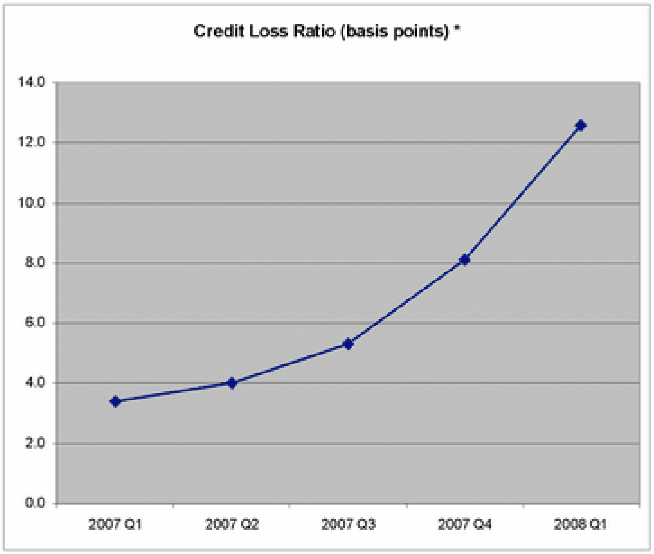
Note: Using the S&P/Case-Shiller weighting method, but excluding the increased impact of foreclosure sales on that index, our 2008 expected home price decline would be 10-13% (vs. 7-9%); our expected peak-to-trough decline would be 20-25% (vs. 15-19%). The S&P/Case-Shiller Index is value-weighted, whereas the Fannie Mae index is unit-weighted; hence the S&P/Case-Shiller index places greater weight on higher cost metropolitan areas. In addition, the S&P/Case Shiller index includes foreclosure sales; foreclosure sales are excluded from the Fannie Mae index and from this forecast. Foreclosure sales tend to depress the S&P/Case Shiller index relative to the Fannie Mae index.

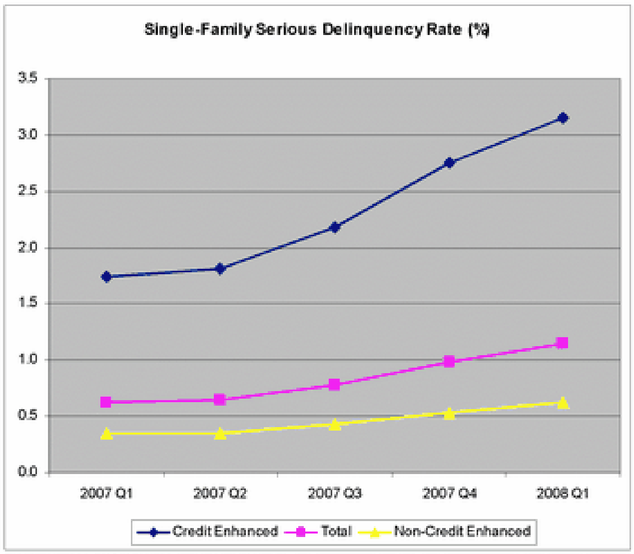
Home Price Changes from 2006 Q2 to 2008 Q1



Source: Fannie Mae. Based on data as of March 31, 2008. Including subsequent data may lead to materially different results.

Credit Loss Ratio/Delinquency Rates





Note: As of 3/31/08, 21% of Fannie Mae's Single-Family guaranty book of business was credit enhanced.

Higher credit loss ratio primarily due to worsening decline in home prices, particularly in the Midwest, California, Florida, Nevada, and Arizona, economic weakness in the Midwest, and rising delinquencies in our Alt-A book and 2006-2007 vintages. Our credit loss ratio excludes the impact of SOP 03-3

Fannie Mae expects its 2008 credit loss ratio to be within a range of 13-17 bps, factoring in a significant increase in loan default and severity rates, and a significant increase in acquisitions of foreclosed properties, as well as a 7 to 9% nationwide decline in home prices

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

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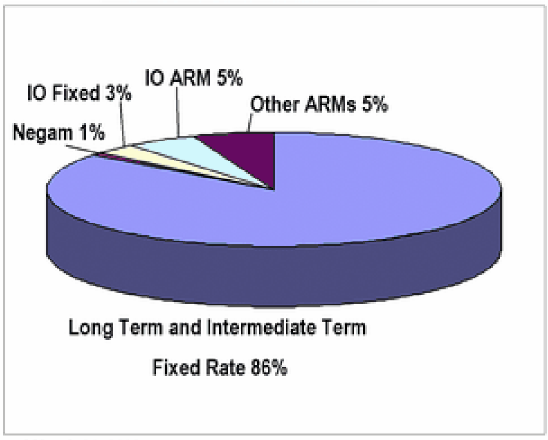
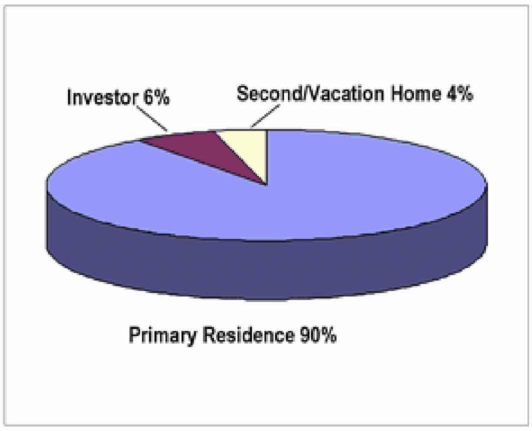
Characteristics of Fannie Mae Single-Family Conventional Mortgage Credit Book of Business

March 31, 2008	
Single-Family Conventional Mortgage Credit Book of Business	$2.7 Trillion
Weighted Average FICO	721
Weighted Average Original LTV	72%
Weighted Average MTM LTV	62%

Product Types*



Occupancy*



* Data as of March 31, 2008

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

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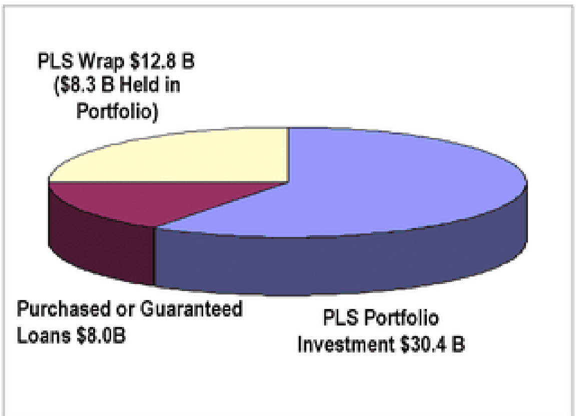
Fannie Mae Subprime and Alt-A Exposure

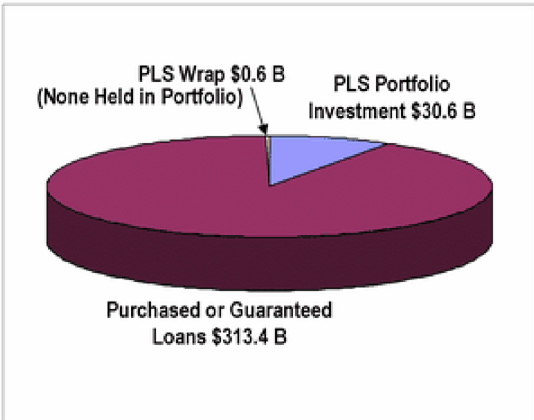
Subprime

Total Exposure of $51.2 Billion



Alt-A

Total Exposure of $344.6 Billion



"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. As a result, Alt-A mortgage loans generally have a higher risk of default than non-Alt-A mortgage loans. 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 have classified private-label mortgage-related securities held in our investment portfolio as Alt-A if the securities were labeled as such when issued.

"Subprime mortgage loan" generally refers to a mortgage loan made to a borrower with a weaker credit profile than that of a prime borrower. As a result of the weaker credit profile, subprime borrowers have a higher likelihood of default than prime borrowers. Subprime mortgage loans are typically originated by lenders specializing in this type of business or by subprime divisions of large lenders, using processes unique to subprime loans. In reporting our subprime exposure, we have classified mortgage loans as subprime if the mortgage loans are originated by one of these specialty lenders or a subprime division of a large lender. We have classified private-label mortgage-related securities held in our investment portfolio as subprime if the securities were labeled as such when issued.

*** Data as of March 31, 2008**

FannieMae

Fannie Mae Credit Profile by Key Product Features

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

as of March 31, 2008	Overall Book	NegAm	Interest Only	FICO < 620	OLTV > 90%	FICO < 620 and OLTV > 90%	Subprime	Alt-A
UPB (billions) *	$2,605.6	$20.6	$214.9	$128.1	$268.5	$30.0	$8.0	$310.5
Share of SF Conv Credit Book(1)	100.0%	0.8%	8.2%	4.9%	10.3%	1.2%	0.3%	11.2%
Average UPB	$144,657	$148,474	$238,793	$127,332	$138,035	$120,629	$152,967	$173,098
SDQ Rate All Loans	1.15%	2.27%	3.07%	4.86%	3.23%	8.99%	7.42%	2.96%
Origination Year 2005-2007	53.0%	62.0%	87.5%	59.4%	65.8%	70.8%	83.1%	73.9%
Weighted Average OLTV	71.7%	70.9%	75.6%	77.2%	97.4%	98.1%	78.4%	73.0%
OLTV > 90	10.3%	0.3%	9.1%	23.4%	100.0%	100.0%	7.9%	5.6%
Weighted Average MTMLTV	61.8%	66.1%	77.9%	68.7%	88.5%	90.3%	76.2%	69.4%
Weighted Average FICO	721	695	724	588	690	592	622	718
FICO < 620	4.9%	12.0%	1.3%	100.0%	11.2%	100.0%	48.5%	0.7%
Fixed-rate	89.1%	0.1%	40.1%	92.9%	93.8%	96.6%	58.9%	71.2%
Principal Residence	89.8%	71.5%	84.9%	96.9%	97.0%	99.5%	96.4%	77.8%
Condo/Coop	9.1%	13.0%	16.0%	4.8%	9.7%	5.8%	4.9%	10.9%
Credit Enhanced (2) (3)	21.2%	77.3%	36.4%	37.5%	92.7%	94.9%	71.7%	40.0%
% of 2007 Credit Losses (4)	100.0%	0.9%	15.3%	18.9%	16.9%	6.2%	1.0%	31.4%
% of 2008 Q1 Credit Losses (4)	100.0%	1.1%	29.5%	14.0%	17.4%	6.0%	1.4%	42.7%

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

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

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

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

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

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Fannie Mae Credit Profile by Vintage and Key Product Features

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

as of March 31, 2008	Overall Book	2008 Vintage	2007 Vintage	2006 Vintage	2005 Vintage	2004 and Earlier Vintages
UPB (billions) *	$2,605.6	$97.5	$582.9	$415.5	$383.2	$1,126.4
Share of SF Conv Credit Book	100.0%	3.7%	22.4%	15.9%	14.7%	43.2%
Average UPB	$144,657	$213,187	$194,477	$177,608	$165,689	$113,723
SDQ Rate All Loans	1.15%	0.00%	1.19%	2.21%	1.49%	0.85%
Origination Year 2005-2007	53.0%	0.0%	100.0%	100.0%	100.0%	0.0%
Weighted Average OLTV	71.7%	72.5%	76.0%	73.7%	71.7%	68.8%
OLTV > 90	10.3%	11.2%	17.4%	10.6%	8.0%	7.2%
Weighted Average MTMLTV	61.8%	72.5%	77.4%	74.2%	66.5%	46.7%
Weighted Average FICO	721	731	716	717	723	725
FICO < 620	4.9%	3.7%	6.4%	5.4%	4.2%	4.3%
Fixed-rate	89.1%	93.0%	91.4%	86.4%	82.8%	90.6%
Principal Residence	89.8%	90.3%	88.8%	87.3%	88.1%	91.8%
Condo/Coop	9.1%	9.7%	10.8%	10.9%	9.9%	7.1%
Credit Enhanced (1) (2)	21.2%	23.0%	30.4%	27.9%	21.3%	13.8%
% of 2007 Credit Losses (3)	100.0%	0.0%	1.6%	20.8%	24.1%	53.5%
% of 2008 Q1 Credit Losses (3)	100.0%	0.0%	13.5%	35.3%	24.0%	27.2%
Cumulative Default Rate (4)		0.000%	0.081%	0.530%	0.614%	

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

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

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

(4) 2004 vintage cumulative default rate was 0.672%; 2003 cumulative default rate was 0.492% as of March 31, 2008

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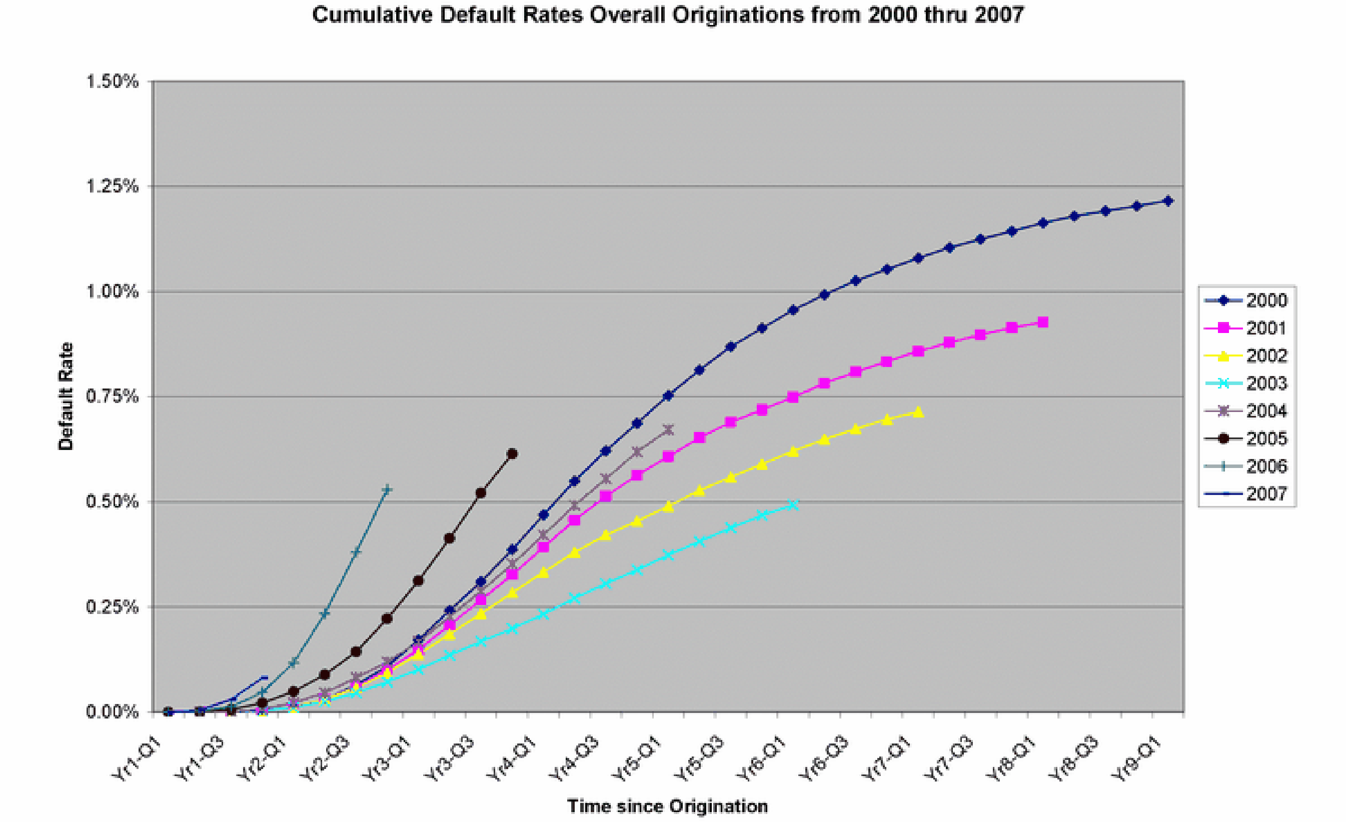

Consistent with industry trends, 2006 and 2007 vintages performing poorly.

Data as of March 31, 2008 is not necessarily indicative of the ultimate performance and are likely to change, perhaps materially, in future periods.

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Fannie Mae Credit Profile by State

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

as of March 31, 2008	Overall Book	MI	OH	IN	FL	CA	AZ	NV
UPB (billions) *	$2,605.6	$80.2	$72.2	$36.3	$195.8	$399.9	$76.4	$35.2
Share of SF Conv Credit Book	100.0%	3.1%	2.8%	1.4%	7.5%	15.3%	2.9%	1.4%
Average UPB	$144,657	$117,763	$105,533	$102,415	$144,135	$193,652	$158,774	$179,324
SDQ Rate All Loans	1.15%	1.46%	1.87%	2.00%	2.32%	0.76%	1.12%	1.69%
Origination Year 2005-2007	53.0%	41.0%	44.0%	47.8%	63.8%	48.7%	67.7%	65.2%
Weighted Average OLTV	71.7%	73.7%	77.1%	78.6%	73.3%	61.9%	73.7%	74.3%
OLTV > 90	10.3%	10.1%	15.4%	18.7%	11.2%	2.8%	10.3%	9.6%
Weighted Average MTMLTV	61.8%	69.3%	67.9%	68.5%	68.6%	54.8%	67.4%	72.5%
Weighted Average FICO	721	719	718	714	716	728	723	722
FICO < 620	4.9%	5.7%	6.1%	6.9%	5.6%	3.3%	3.9%	3.3%
Fixed-rate	89.1%	88.9%	93.5%	94.0%	85.9%	82.0%	83.7%	75.1%
Principal Residence	89.8%	93.0%	94.3%	93.7%	81.9%	88.3%	83.8%	80.6%
Condo/Coop	9.1%	9.1%	4.3%	2.5%	15.6%	11.8%	5.4%	7.9%
Credit Enhanced (1) (2)	21.2%	19.8%	27.3%	32.1%	24.4%	12.2%	23.2%	27.9%
% of 2007 Credit Losses (3)	100.0%	27.1%	13.6%	4.3%	4.7%	7.4%	1.8%	1.3%
% of 2008 Q1 Credit Losses (3)	100.0%	22.9%	6.5%	2.5%	7.2%	18.6%	3.8%	3.0%

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

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

(3) Calculated as a percentage of the Single-Family Guaranty Book of Business credit losses

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Single-Family Delinquency Rates by State and Region

Single-Family serious delinquency rates	March 2008	March 2007
Arizona	1.12%	0.22%
California	0.76%	0.17%
Florida	2.32%	0.49%
Nevada	1.69%	0.39%
Total conventional single-family loans	1.15%	0.62%

Single-Family serious delinquency rates	March 2008	March 2007
Midwest	1.44%	0.96%
Northeast	1.05%	0.67%
Southeast	1.44%	0.63%
Southwest	0.94%	0.62%
West	0.72%	0.21%

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

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

	REO Acquisitions				REO Inventory		
State	2005	2006	2007	2008 Q1	As of 3/31/08	Annualized HP Growth as of 3/31/08 (Prior 1 yr) (1)	Annualized HP Growth as of 3/31/08 (Prior 5 yrs) (1)
Michigan	3,633	5,691	8,067	3,259	9,125	-9.5%	-1.8%
Ohio	3,113	4,041	4,433	1,239	3,084	-3.7%	1.0%
Indiana	2,099	2,572	2,457	743	1,149	-0.2%	1.8%
Florida	334	282	1,714	966	1,887	-18.3%	7.4%
California	18	93	1,681	1,477	2,575	-17.0%	6.7%
Arizona	146	56	751	632	990	-14.9%	8.8%
Nevada	27	62	530	403	711	-19.1%	7.4%
Other	23,190	23,783	29,488	11,389	23,646	N/A	N/A
Total	32,560	36,580	49,121	20,108	43,167	-5.9%	4.9%

[1] Based on Fannie Mae Home Price Index

On a national basis, REO net sales price compared with unpaid principal balance of mortgage loan has decreased from 93% in 2005 to 89% in 2006 to 78% in 2007 to 74% in Q1 2008 driving an increase in loss severity.

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Fannie Mae Alt-A Credit Profile by Key Product Features

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

as of March 31, 2008	Alt-A	2008 Vintage	2007 Vintage	2006 Vintage	2005 Vintage	2004 and Earlier Vintages
UPB (billions)	$310.5	$2.1	$80.2	$90.0	$59.4	$78.8
Share of Alt-A	100.0%	0.7%	25.8%	29.0%	19.1%	25.4%
Weighted Average OLTV	73.0%	70.9%	75.2%	74.1%	72.7%	69.8%
OLTV > 90	5.6%	3.4%	9.3%	5.0%	3.3%	4.3%
Weighted Average MTMLTV	69.4%	71.2%	78.4%	77.2%	70.7%	50.0%
MTMLTV > 100	4.7%	1.0%	6.6%	7.0%	4.4%	0.2%
Weighted Average FICO	718	718	713	715	724	723
FICO < 620	0.7%	0.2%	0.5%	0.5%	0.4%	1.4%
Adjustable-rate	28.8%	13.4%	22.5%	30.2%	41.3%	24.8%
Interest Only	30.6%	11.5%	38.7%	39.3%	30.8%	12.9%
Investor	17.1%	21.1%	19.4%	16.7%	19.0%	13.7%
Condo/Coop	10.9%	7.9%	10.1%	11.7%	13.1%	9.4%
Geography						
California	21.6%	22.5%	21.9%	19.7%	20.6%	24.2%
Florida	10.7%	8.6%	11.3%	12.1%	11.8%	7.7%
Credit Enhanced (1)	40.0%	21.2%	36.6%	53.7%	47.7%	22.6%
SDQ Rate All Loans	2.96%	0.00%	2.85%	4.34%	3.23%	1.79%
% of 2007 Credit Losses	31.4%	n.a.	0.6%	10.2%	10.5%	10.0%
% of 2008 Q1 Credit Losses	42.7%	0.0%	6.6%	19.4%	11.6%	5.1%

"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. As a result, Alt-A mortgage loans generally have a higher risk of default than non-Alt-A mortgage loans. 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.

(1) Defined as UPB of Alt-A loans with credit enhancement as a percent of UPB of all Alt-A loans. At 3/31/08, 8.9% of UPB of Alt-A loans carried only primary MI (no deductible), 27.1% had only pool insurance (which is generally subject to a deductible), 3.3% had primary MI and pool insurance, and 0.7% carried other credit enhancement such as lender recourse.

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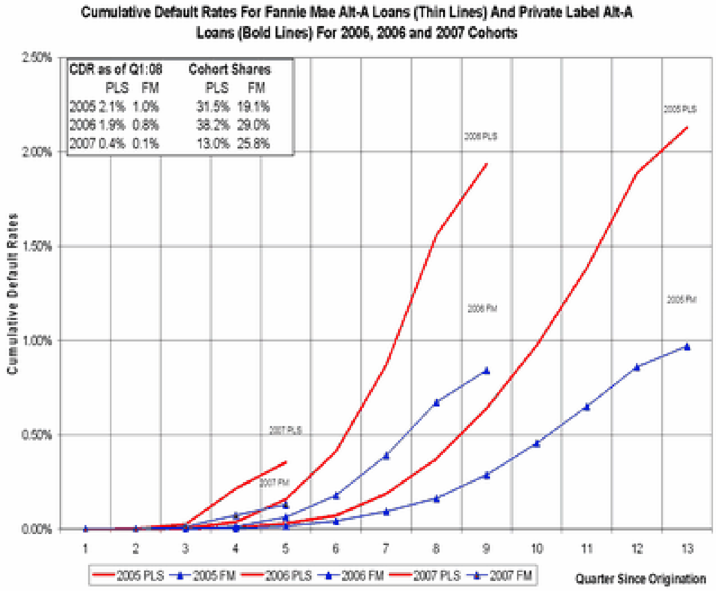
Fannie Mae Alt-A Loans Versus Loans Underlying Private Label Alt-A Securities

Summary Collateral Characteristics		
	Fannie Mae Alt-A	Private Label Alt-A
FICO	718	709
OLTV	73%	76%
CLTV at Origination	77%	82%
Product Type		
Fixed Rate	71%	43%
Adjustable Rate	29%	57%
Interest Only	21%	26%
Negatively Amortizing	3%	25%
Investor	17%	20%



Fannie Mae's Alt-A guaranteed book of business has more favorable credit characteristics than the loans backing Alt-A Private Label Securities (PLS).

All data and CDRs for Q1:08 are based on Jan-08 data. Private Label Security data are from First American CoreLogic, LoanPerformance. LoanPerformance estimates it captures 96 percent of Alt-A PLS. The PLS data includes some loans that Fannie Mae holds in its Alt-A securities portfolio. All summary collateral characteristics are weighted averages using current loan balances. Certain amounts have been calculated by Fannie Mae.

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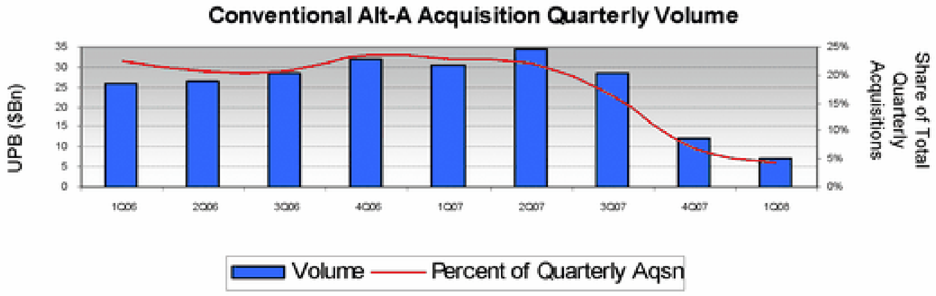
Alt-A Risk Management

- New Business:
  - Reduction in Alt-A acquisition volume reflects eligibility and pricing changes



  - Eligibility:
    - Deliveries after January 1, 2008:
      - Reduced maximum LTV/CLTV to 90%
    - Deliveries after March 1, 2008:
      - Raised minimum FICO score to 660 regardless of LTV/CLTV
      - Will no longer purchase No Income/No Asset documentation loans
      - Will no longer purchase No Income/Verified Asset documentation type loans
      - The maximum LTV/CLTV for cash-out refinance loans reduced to 75% for majority of property types
    - Deliveries after June 1, 2008:
      - Discontinuing the purchase of Interest-Only mortgage loans
    - Deliveries after August 1, 2008 (announced early May):
      - Reduced maximum LTV/CLTV to 75% and raised minimum FICO score to 680 regardless of LTV/CLTV for all reduced-documentation Alt-A mortgages

  - Pricing:
    - Beginning in 2007, we made several guaranty fee changes as a result of the turmoil in the market, resulting in higher guaranty fees for Alt-A mortgages
    - For deliveries after August 1, 2008, we are making additional adjustments to guaranty fees for Alt-A mortgages that are focused on realigning our risk-based pricing with our tighter eligibility and credit standards

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Fannie Mae Subprime and Alt-A Private Label Security (PLS) Exposure – Securities/Wraps

	Subprime		Alt-A	
	Securities	Wraps	Securities	Wraps
UPB @ 3/31/08 ($bn)	30.4	12.8	30.6	0.6
% AAA	42.3%	100.0%	100.0%	100.0%
% AA or below	57.7%	0.0%	0.0%	0.0%
% 2007 Vintage	19.0%	67.3%	12.4%	56.9%
% 2006 Vintage	67.8%	0.0%	27.3%	0.0%
Wtd Average Credit Enhancement	36.7%	33.5%	23.3%	8.1%

As of April 30, 2008, all of our private-label mortgage-related securities backed by Alt-A mortgage loans were rated AAA and none had been downgraded. However, approximately $4.5 billion or 15% of our Alt-A private-label mortgage-related securities had been placed under review for possible credit downgrade or on negative watch as of April 30, 2008.

The percentages of our subprime private-label mortgage securities rated AAA and AA to BBB- were 42% and 48%, respectively, as of April 30, 2008, compared with 97% and 3% respectively as of December 31, 2007. The percentage of these securities rated below investment grade rose to 10% as of April 30, 2008. None of these securities were rated below investment grade as of December 31, 2007. Approximately $6.4 billion or 21% of our subprime private-label mortgage-related securities had been placed under review for possible credit downgrade or on negative watch as of April 30, 2008.

Investments in Alt-A Mortgage-Related Securities (Option ARM)

	Unpaid Principal Balance				Credit Enhancement Statistics				Stress Test Scenarios		
	Trading Securities	AFS Securities	Average Price	Fair Value	Average Current	Original	Minimum Current	Monoline Financial Guaranteed Amount	20d/40s NPV Rounded	20d/50s NPV Rounded	30d/40s NPV Rounded
Investments in Alt-A securities:											
Option ARM Alt-A securities:											
2004 and prior	$ -	$ 769	$ 81.05	$ 623	22%	9%	16%	$ -	$ -	$ -	$ -
2005-1 (1)	-	109	78.83	86	18%	7%	17%	-	-	-	-
2005-1 (2)	-	180	78.67	142	19%	8%	19%	-	-	-	-
2005-1 (3)	-	167	78.22	131	24%	13%	20%	-	-	-	-
2005-1 (4)	-	176	77.44	136	55%	39%	33%	-	-	-	-
2005-1 subtotal	-	632	78.23	495	30%	18%	17%	-	-	-	-
2005-2 (1)	-	278	78.36	218	30%	21%	24%	-	-	-	-
2005-2 (2)	-	126	78.19	99	35%	28%	35%	-	-	-	-
2005-2 (3)	-	505	78.58	396	45%	39%	39%	-	-	-	-
2005-2 (4)	-	351	82.86	291	100%	100%	100%	351	-	-	-
2005-2 subtotal	-	1,260	79.68	1,004	56%	51%	24%	351	-	-	-
2006-1 (1)	-	136	75.84	103	21%	19%	11%	-	-	-	-
2006-1 (2)	-	429	76.66	329	41%	38%	40%	-	-	-	-
2006-1 (3)	-	403	76.54	308	45%	42%	45%	-	-	-	-
2006-1 (4)	-	444	75.74	337	89%	88%	49%	345	-	-	-
2006-1 subtotal	-	1,412	76.26	1,077	55%	53%	11%	345	-	-	-
2006-2 (1)	-	-	-	-	-	-	-	-	-	-	-
2006-2 (2)	-	219	76.66	168	37%	35%	37%	-	-	-	-
2006-2 (3)	-	101	76.79	78	41%	40%	41%	-	-	-	-
2006-2 (4)	-	228	80.67	183	69%	68%	47%	94	-	-	-
2006-2 subtotal	-	548	78.35	429	51%	50%	37%	94	-	-	-
2007-1 (1)	216	-	71.33	154	24%	24%	24%	-	-	-	-
2007-1 (2)	379	-	75.83	288	46%	45%	45%	-	-	-	-
2007-1 (3)	271	-	75.81	205	48%	47%	48%	-	-	-	-
2007-1 (4)	544	-	75.98	413	100%	100%	100%	544	-	-	-
2007-1 subtotal	1,410	-	75.19	1,060	64%	64%	24%	544	-	-	-
2007-2 (1)	302	-	75.98	229	33%	32%	25%	-	-	-	-
2007-2 (2)	219	-	76.78	168	47%	47%	47%	-	-	-	-
2007-2 (3)	317	-	77.35	245	48%	47%	48%	-	-	-	-
2007-2 (4)	429	-	73.58	316	100%	100%	100%	429	-	-	-
2007-2 subtotal	1,267	-	75.65	958	62%	62%	25%	429	-	-	-
Total	$ 2,677	$ 4,621	$ 77.37	$ 5,646	52%	48%	11%	$ 1,763	$ -	$ -	$ -

Data as of March 31, 2008

FannieMae

Investments in Alt-A Mortgage-Related Securities (Other)

	Unpaid Principal Balance				Credit Enhancement Statistics				Stress Test Scenarios		
	Trading Securities	AFS Securities	Average Price	Fair Value	Average Current	Original	Minimum Current	Monoline Financial Guaranteed Amount	20d/40s NPV Rounded	20d/50s NPV Rounded	30d/40s NPV Rounded
Other Alt-A securities:											
2004 and prior	$ -	$ 9,611	$ 88.85	$ 8,539	11%	6%	4%	$ 31	$ 27	$ 90	$ 196
2005-1 (1)	-	411	87.44	359	9%	5%	6%	-	2	4	11
2005-1 (2)	-	454	88.26	401	12%	7%	11%	-	-	1	3
2005-1 (3)	-	458	90.33	414	14%	10%	13%	-	-	2	6
2005-1 (4)	-	537	87.32	469	17%	10%	15%	-	-	1	4
2005-1 subtotal	-	1,860	88.32	1,643	13%	9%	6%	-	2	8	24
2005-2 (1)	-	1,057	89.71	948	6%	5%	4%	-	18	38	58
2005-2 (2)	-	1,038	89.17	926	10%	8%	8%	-	-	12	15
2005-2 (3)	-	1,134	82.18	932	16%	14%	14%	-	-	-	3
2005-2 (4)	-	1,086	84.44	917	22%	17%	19%	-	-	-	-
2005-2 subtotal	-	4,315	86.27	3,723	14%	11%	4%	-	18	50	76
2006-1 (1)	35	1,246	90.60	1,160	5%	4%	4%	-	32	56	81
2006-1 (2)	-	1,057	91.57	968	9%	8%	9%	-	6	17	30
2006-1 (3)	53	1,376	87.59	1,251	15%	12%	12%	-	-	0	2
2006-1 (4)	-	1,432	78.88	1,130	22%	17%	19%	-	-	-	-
2006-1 subtotal	88	5,111	86.74	4,509	13%	11%	4%	-	38	73	113
2006-2 (1)	-	-	-	-	-	-	-	-	-	-	-
2006-2 (2)	-	537	76.64	411	11%	10%	6%	-	-	-	2
2006-2 (3)	-	-	-	-	-	-	-	-	-	-	-
2006-2 (4)	-	640	75.12	481	17%	16%	17%	-	-	-	-
2006-2 subtotal	-	1,177	75.82	892	14%	13%	6%	-	-	-	2
2007-1 (1)	79	-	76.41	60	6%	5%	6%	-	-	-	-
2007-1 (2)	194	-	78.48	152	8%	7%	7%	-	2	3	4
2007-1 (3)	115	-	75.32	87	11%	11%	8%	-	-	-	-
2007-1 (4)	240	-	76.54	184	17%	16%	16%	-	-	-	-
2007-1 subtotal	628	-	76.89	483	12%	11%	6%	-	2	3	4
2007-2 (1)	-	-	-	-	-	-	-	-	-	-	-
2007-2 (2)	-	-	-	-	-	-	-	-	-	-	-
2007-2 (3)	-	-	-	-	-	-	-	-	-	-	-
2007-2 (4)	475	-	86.03	409	100%	100%	100%	475	-	-	-
2007-2 subtotal	475	-	86.03	409	100%	100%	100%	475	-	-	-
Total	1,191	22,074	86.82	20,198	14%	10%	4%	506	87	224	415
Total Alt-A securities	$ 3,868	$ 26,695	$ 84.56	$ 25,844	23%	19%	4%	$ 2,269	$ 87	$ 224	$ 415

Data as of March 31, 2008

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Investments in Subprime Mortgage-Related Securities

	Unpaid Principal Balance				Credit Enhancement Statistics				Stress Test Scenarios		
	Trading Securities	AFS Securities	Average Price	Fair Value	Average Current	Original	Minimum Current	Monoline Financial Guaranteed Amount	50d/50s NPV	50d/60s NPV	60d/50s NPV
Investments in subprime securities:											
2004 and prior	$ -	$ 3,271	$ 87.57	$ 2,864	75%	55%	13%	$ 1,514	$ 2	$ 5	$ 6
2005-1 (1)	-	-	-	-	-	-	-	-	-	-	-
2005-1 (2)	-	31	89.16	27	66%	36%	66%	-	-	-	-
2005-1 (3)	-	-	-	-	0%	-	-	-	-	-	-
2005-1 (4)	-	44	87.08	39	79%	29%	79%	-	-	-	-
2005-1 subtotal	-	75	87.93	66	74%	32%	66%	-	-	-	-
2005-2 (1)	-	107	94.96	101	41%	23%	37%	-	-	-	-
2005-2 (2)	-	107	91.61	98	52%	32%	52%	-	-	-	-
2005-2 (3)	-	253	92.06	234	58%	32%	55%	-	-	-	-
2005-2 (4)	-	185	90.22	167	77%	60%	63%	69	-	-	-
2005-2 subtotal	-	652	91.94	600	59%	39%	37%	69	-	-	-
2006-1 (1)	-	1,440	83.52	1,202	26%	19%	25%	-	-	-	-
2006-1 (2)	-	2,281	86.16	1,965	29%	20%	28%	-	-	-	-
2006-1 (3)	-	1,834	87.67	1,608	35%	22%	32%	-	-	-	-
2006-1 (4)	-	1,928	87.95	1,696	47%	31%	38%	52	-	-	-
2006-1 subtotal	-	7,483	86.48	6,471	34%	23%	25%	52	-	-	-
2006-2 (1)	-	3,080	81.35	2,506	21%	18%	19%	-	-	-	7
2006-2 (2)	-	3,423	79.58	2,724	25%	19%	24%	-	-	-	-
2006-2 (3)	-	3,336	78.75	2,626	29%	23%	27%	-	-	-	-
2006-2 (4)	-	3,284	81.62	2,681	35%	28%	30%	-	-	-	-
2006-2 subtotal	-	13,123	80.29	10,537	28%	22%	19%	-	-	-	7
2007-1 (1)	719	-	59.31	427	18%	17%	9%	-	76	176	224
2007-1 (2)	667	-	84.22	562	26%	23%	24%	-	-	-	-
2007-1 (3)	771	-	78.70	606	28%	24%	27%	-	-	-	-
2007-1 (4)	786	-	82.69	650	51%	48%	29%	237	-	-	-
2007-1 subtotal	2,943	-	76.28	2,245	31%	29%	9%	237	76	176	224
2007-2 (1)	707	-	76.81	543	25%	24%	13%	-	8	40	64
2007-2 (2)	214	411	87.46	547	30%	28%	29%	-	-	-	-
2007-2 (3)	-	539	89.03	480	34%	33%	33%	-	-	-	-
2007-2 (4)	965	-	88.42	853	62%	61%	41%	350	-	-	-
2007-2 subtotal	1,886	950	85.43	2,423	41%	39%	13%	350	8	40	64
Total subprime securities	$ 4,829	$ 25,554	$ 82.96	$ 25,206	37%	28%	9%	$ 2,222	$ 86	$ 221	$ 301

Data as of March 31, 2008

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Counterparty Exposure

Counterparty Type	Exposure as of March 31, 2008	Notes [1]
Mortgage Insurers	$111.5 billion of primary and pool mortgage insurance coverage ("risk in force").	8 mortgage insurance companies provided over 99% of our mortgage insurance; 4 are rated AA- or higher, 3 are rated A, and 1 is rated BB.
Financial Guarantors	Beneficiary of financial guaranties of $11.1 billion on securities held in investment portfolio or securities guaranteed and sold to third parties.	Manage exposure through in-depth analyses of their financial position and stress analyses of their financial guaranties and available capital. On a case-by-case basis, may restrict types of business we will do with a company, or suspend the company as an acceptable counterparty.
Custodial Depository Institutions	A total of $51 billion in deposits for scheduled single-family MBS payments were received in March 2008 and held by 317 custodial depository institutions.	97% were held by institutions rated as investment grade by S&P, Moody's, and Fitch as of March 31, 2008.
Derivatives Counterparties	Credit exposure on risk management derivatives net of collateral we held was $500 million. [2]	$332 million of exposure to firms with AA+/AA/AA- ratings and $50 million to firms with A+/A/A- ratings.

[1] Ratings are as of May 2, 2008 unless otherwise noted.

[2] Exposure is defined as the cost to replace outstanding derivatives contracts in gain positions taking into account netting arrangements where applicable.

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Counterparty Exposure – Mortgage Insurers

	As of May 2, 2008			As of March 31, 2008		
	Insurer Financial Strength Ratings			Maximum Coverage [2]		
Counterparty Name [1]	Moody's	S&P	Fitch	Primary	Pool	Total
Mortgage Guaranty Insurance Corporation	Aa2	A	AA	$23,835	$ 2,804	$26,639
PMI Mortgage Insurance Co.	Aa2	A+	AA	14,392	2,524	16,916
Genworth Mortgage Insurance Corporation	Aa2	AA	AA	16,045	442	16,487
United Guaranty Residential Insurance Company	Aa2	AA+	AA+	15,396	334	15,730
Radian Guaranty, Inc.	Aa3	A	Not rated	13,970	923	14,893
Republic Mortgage Insurance Company	Aa3	AA-	AA	11,226	1,720	12,946
Triad Guaranty Insurance Corporation	Baa3	BBB	BB	4,387	1,487	5,874
CMG Mortgage Insurance Company[3]	Not rated	AA-	AA	1,901	-	1,901

(1) Insurance coverage amounts provided for each counterparty may include coverage provided by consolidated subsidiaries of the counterparty.

(2) Maximum coverage refers to the aggregate dollar amount of insurance coverage (i.e. "risk in force") on single-family loans in our guaranty book of business and represents our maximum potential loss recovery under the applicable mortgage insurance policies.

(3) CMG Mortgage Insurance Company is a joint venture owned by PMI Mortgage Insurance Co. and CUNA Mutual Investment Corporation.

APPENDIX II – Other

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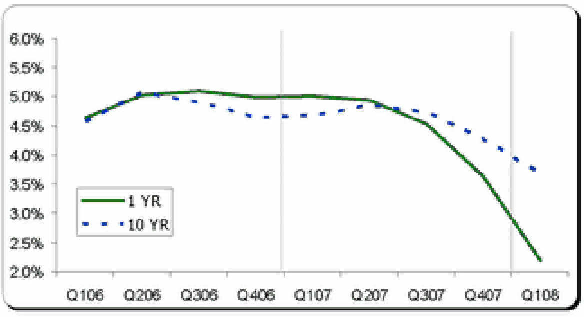
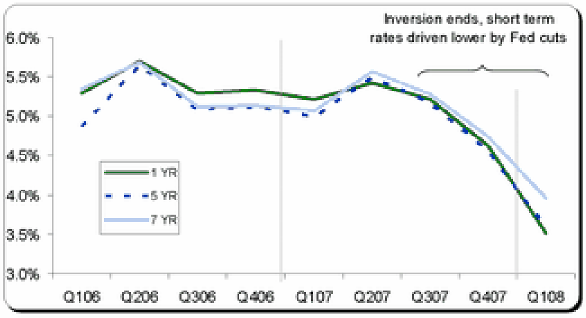
Economic Environment – Interest Rates

1-Year and 10-Year Treasuries

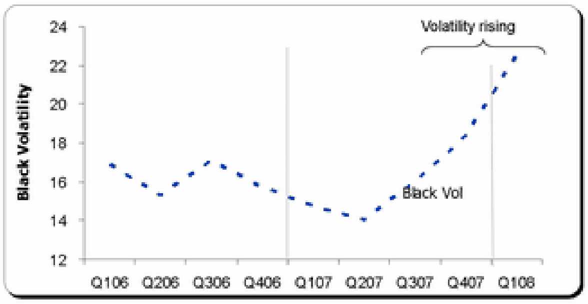


- Net interest yield increased due to reduced funding costs and the retirement of step rate debt in 2008 Q1.
- Swap rate declines triggered net losses on derivatives.
- Widening credit spreads caused overall fair value losses on trading securities, more than offsetting the positive impact of falling rates.

Swap Rates



Volatility (3x7 Swaption Volatilty)



Treasury information: FNM Economic Forecast, March 2008. Swap and Volatility: Capital Markets group.

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Statements of Operations by Segment

2008 Q1 Statement of Operations (dollars in millions)	Single-Family	HCD	Capital Markets	Total
Net interest income (expense)	$ 134	$ (103)	$ 1,659	$ 1,690
Guaranty fee income (expense)	1,942	148	(338)	1,752
Trust management income	105	2	-	107
Fee and other income	102	62	63	227
Net revenues	**2,283**	**109**	**1,384**	**3,776**
Fair value losses, net	-	-	(4,377)	(4,377)
Investment losses, net	(48)	-	(63)	(111)
Losses from partnership investments	-	(141)	-	(141)
Losses on certain guaranty contracts	-	-	-	-
Credit-related expenses	(3,254)	11	-	(3,243)
Administrative expenses	(286)	(108)	(118)	(512)
Other expenses, net	(247)	(43)	(215)	(505)
Losses and expenses	**(3,835)**	**(281)**	**(4,773)**	**(8,889)**
Loss before federal income taxes and extraordinary losses	(1,552)	(172)	(3,389)	(5,113)
Benefit for federal income taxes	(544)	(322)	(2,062)	(2,928)
Extraordinary losses, net of tax effect	-	-	(1)	(1)
Net income (loss)	**$ (1,008)**	**$ 150**	**$ (1,328)**	**$ (2,186)**

[(1)] Certain amounts have been reclassified to conform to the current period presentation.

2007 Q4 Statement of Operations [(1)] (dollars in millions)	Single-Family	HCD	Capital Markets	Total
Net interest income (expense)	$ 72	$ (101)	$ 1,165	$ 1,136
Guaranty fee income (expense)	1,801	144	(324)	1,621
Trust management income	120	8	-	128
Fee and other income	82	73	59	214
Net revenues	**2,075**	**124**	**900**	**3,099**
Fair value losses, net	-	-	(3,439)	(3,439)
Investment losses, net	(18)	-	(897)	(915)
Losses from partnership investments	-	(478)	-	(478)
Losses on certain guaranty contracts	(364)	(22)	-	(386)
Credit-related expenses	(2,963)	(10)	-	(2,973)
Administrative expenses	(370)	(128)	(153)	(651)
Other expenses, net	(144)	(161)	(122)	(427)
Losses and expenses	**(3,859)**	**(799)**	**(4,611)**	**(9,269)**
Loss before federal income taxes and extraordinary losses	(1,784)	(675)	(3,711)	(6,170)
Benefit for federal income taxes	(621)	(462)	(1,540)	(2,623)
Extraordinary losses, net of tax effect	-	-	(12)	(12)
Net loss	**$ (1,163)**	**$ (213)**	**$ (2,183)**	**$ (3,559)**

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Net Revenues and Net Income (Loss) by Segment

(dollars in millions)	2008 Q1	2007 Q4 [1]	2007 Q3 [1]	2007 Q2 [1]	2007 Q1 [1]
Net Revenues [2]					
Single-Family Credit Guaranty	$ 2,283	$ 2,075	$ 1,742	$ 1,636	$ 1,609
Housing and Community Development	109	124	87	113	101
Capital Markets	1,384	900	824	971	1,023
Total	$ 3,776	$ 3,099	$ 2,653	$ 2,720	$ 2,733
Net Income (Loss)					
Single-Family Credit Guaranty	$ (1,008)	$ (1,163)	$ (186)	$ 136	$ 355
Housing and Community Development	150	(213)	97	110	163
Capital Markets	(1,328)	(2,183)	(1,310)	1,701	443
Total	$ (2,186)	$ (3,559)	$ (1,399)	$ 1,947	$ 961

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

[2] Net revenues is comprised of net interest income, guaranty fee income, trust management income and fee and other income.

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

(dollars in millions)	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Beginning net derivative asset (liability) [1][2]	$ (1,321)	$ (233)	$ 1,007	$ 378	$ 1,865
Effect of cash payments:					
Fair value at inception of contracts entered into during the period	173	30	(6)	162	(1)
Fair value at date of termination of contracts settled during the period	(426)	44	(40)	(30)	112
Net collateral posted	2,461	1,332	2,202	(2,110)	(276)
Periodic net cash contractual interest payments (receipts)	(1,148)	744	(1,183)	771	(779)
Total cash payments (receipts)	1,060	2,150	973	(1,207)	(944)
Income statement impact of recognized amounts:					
Periodic net contractual interest income (expense) accruals on interest rate swaps	(26)	68	95	64	34
Net change in fair value during period	(2,779)	(3,306)	(2,308)	1,772	(577)
Derivatives fair value gains (losses), net [3]	(2,805)	(3,238)	(2,213)	1,836	(543)
Ending net derivative asset (liability) [1][2]	$ (3,066)	$ (1,321)	$ (233)	$ 1,007	$ 378

[1] Reflects the net amount of "Derivative assets at fair value" and "Derivative liabilities at fair value" recorded in our consolidated balance sheets, excluding mortgage commitments.

[2] Pursuant to adoption of FASB Staff Position No. FIN 39-1, *Amendment of FASB Interpretation No. 39*, we reclassified amounts related to cash collateral receivables and payables to offset derivative positions with the same counterparty under a master netting arrangement.

[3] Reflects the net derivatives fair value gains (losses) recorded in our consolidated statements of operations, excluding mortgage commitments.

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Purchased Options Premiums

(dollars in millions)	Original Premium Payments	Original Weighted Average Life to Expiration	Remaining Weighted Average Life
Outstanding options as of December 31, 2006	$ 8,769	9.2 years	5.7 years
Purchases	198		
Exercises	(487)		
Terminations	(212)		
Expirations	(425)		
Outstanding options as of December 31, 2007	$ 7,843	8.4 years	4.6 years
Purchases	180		
Exercises	(1,388)		
Terminations	(23)		
Expirations	(70)		
Outstanding options as of March 31, 2008	$ 6,542	6.7 years	3.6 years

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Fee and Other Income

(dollars in millions)	2008 Q1	2007 Q4 [1]	2007 Q3 [1]	2007 Q2 [1]	2007 Q1 [1]
Technology fees	$ 82	$ 66	$ 66	$ 70	$ 63
Multifamily fees	42	79	59	81	88
Transaction fees	34	17	31	34	35
Other	69	52	61	72	91
Fee and other income	$ 227	$ 214	$ 217	$ 257	$ 277

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

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Selected Financial and Operating Statistics

	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Ratios:[1]					
Return on assets ratio[2]	-1.16%	-1.72%	-0.72%	0.87%	0.39%
Return on equity ratio	-40.9	-51.0	-19.4	22.6	10.1
Equity to assets ratio[2]	4.8	4.9	4.7	4.8	4.9
Dividend payout ratio	N/A	N/A	N/A	26.8	47.2
Average effective guaranty fee rate (bps)	29.5	28.5	22.8	21.5	21.8
Credit loss ratio (bps)[3]	12.6	8.1	5.3	4.0	3.4

(1) Definitions of ratios are provided in Item 2 MD&A - Selected Financial Data in the 2008 Q1 Form 10-Q.

(2) Ratios reflect impact on total assets from reclassification of cash collateral receivables and payables pursuant to FIN No. 39-1.

(3) Credit loss ratio excludes the impact of SOP 03-3, which requires that loans purchased from MBS trusts be recorded at fair value at aquisition.

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Income Exposures Due to Changes in Interest Rates

- Overall effect – Addressing market-related volatility impact on capital
- Anticipate significant reduction in rate driven income statement volatility as a result of adoption of SFAS 159 (Fair Value Option) and implementation of hedge accounting in April 2008.
- Ongoing interest rate exposure to net income is balanced
- Fair Value Hedge Accounting - The change in the FV of the hedged assets, due to interest rates, will be included in net income.
- Continue to have income statement exposure to changes in interest rates, although significantly reduced, and spread risk on our trading assets.

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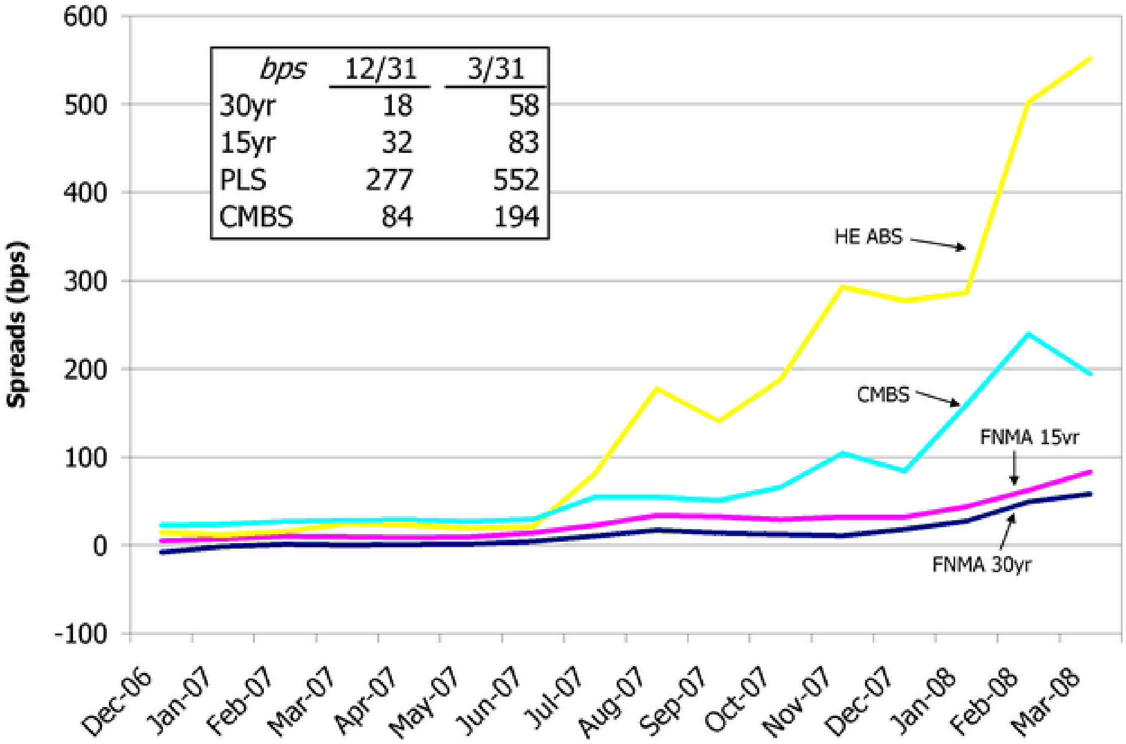
Option Adjusted Spreads (OAS) – Lehman



Source: LehmanLive®

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The following sets forth a reconciliation of the estimated fair value of our net assets (non-GAAP) to total stockholders' equity (GAAP). A more detailed reconciliation is contained in Table 32 of the 2008 Q1 Form 10-Q.

(dollars in millions)	As of End of Quarter	
	2008 Q1	2007 Q4
Total Stockholders' Equity (GAAP)	$ 38,836	$ 44,011
Fair value adjustments	(26,626) (1)	(8,212) (2)
Estimated Fair Value of Net Assets, net of tax effect (non-GAAP)	$ 12,210	$ 35,799

(1) Represents fair value increase of $23.5 billion to total assets of $843.2 billion less a fair value increase of $50.1 billion to total liabilities of $804.2 billion.

(2) Represents fair value increase of $11.0 billion to total assets of $879.4 billion less a fair value increase of $19.2 billion to total liabilities of $835.3 billion.

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Impairment Summary

(dollars in millions)	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Liquid investment portfolio	$ -	$ (388)	$ (55)	$ -	$ -
Private-label securities - subprime	(52)	(146)	(20)	-	-
Agency MBS	(1)	(200)	-	-	(1)
Agency REMICS	(2)	-	-	-	(2)
Other [1]	-	(2)	-	-	-
Total impairments [2]	$ (55)	$ (736)	$ (75)	$ -	$ (3)

[1] Includes impairments on consolidated structured transactions, manufactured housing bonds, interest-only strips, mortgage revenue bonds, and other special transactions.
[2] Includes SFAS 115 and EITF 99-20 impairments of AFS securities.

- Impairments are recorded at fair value and not the value we expect to recover. At current market prices, the value we expect to recover is generally greater than fair value.
- In 2008 Q1, we recorded $52 million of other-than-temporary impairment on $750.6 million of unpaid principal balance of subprime private-label securities classified as AFS because we concluded that we did not have the intent to hold to recovery ($12 million) or it was no longer probable that we would collect all of the contractual principal and interest amounts due ($40 million).
- Beginning in 2008 Q1, securities in the liquid investment portfolio were re-designated as trading and marked to market through fair value gains (losses).

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Additional Disclosure Items

- For April 2008, Fannie Mae's average duration gap was 2 months.
- For April 2008, Fannie Mae's net portfolio purchase commitments were approximately $28 billion.
- The serious delinquency rate in the single family book as of March 31, 2008, increased to 1.15%, from 0.98% as of December 31, 2007.