CORPORATE GOVERNANCE GUIDELINES

THE ROLE OF THE BOARD AND MANAGEMENT

The Board of Directors oversees the management of the corporation and its business. The Fannie Mae Board of Directors represents the interests of the company's stockholders, the owners of the corporation, in optimizing long-term value by providing the company guidance and strategic oversight on the stockholders' behalf. The paramount duty of the Board of Directors is to select a well-qualified and ethical Chief Executive Officer (CEO) and to diligently oversee the CEO and other senior management in the operation of the corporation. In addition, the Board performs the following specific functions, among others:

- Selects, compensates and evaluates the chief executive officer and plans for management succession
- Oversees election, retention, and compensation of qualified senior executives
- Reviews and approves the corporation's strategic plan and the annual operating plans, budget, and corporate performance
- Advises management on significant issues facing the corporation
- Reviews and approves significant corporate actions

- Oversees the financial reporting process, communications with external stockholders, and the corporation's legal and regulatory compliance program
- Nominates directors and oversees effective corporate governance

It is the responsibility of management, in the exercise of their fiduciary duty to the company and its stockholders, to run the corporation's business in an effective and ethical manner. The CEO is the leader of management and vested with the authority to make final decisions on behalf of management.

THE CORPORATE GOVERNANCE GUIDELINES

These Corporate Guidelines have been developed by Fannie Mae's Nominating and Corporate Governance Committee and formally adopted by the Board of Directors. These guidelines (along with the charters of the Board Committees as well as the company's Bylaws, its Employee Code of Business Conduct and Directors' Code of Conduct and Ethics and Conflict of Interests Policy) are published on Fannie Mae's corporate website, www.fanniemae.com and are available in print to any stockholder who requests them.

BOARD COMPOSITION, SIZE AND MEMBERSHIP CRITERIA

The Fannie Mae Board consists of eighteen persons, five of whom are appointed annually by the President of the United States, and the remainder of whom are elected annually by the stockholders at the company's Annual Meeting of Stockholders. It is the policy of the Board that a substantial majority of the Fannie Mae directors will be independent, in accordance with the standards adopted by the Board. Currently, more than two-thirds of the Board consists of independent directors.

It is the responsibility of the Nominating and Corporate Governance Committee to identify and evaluate prospective stockholder-elected candidates for the Board. The Committee will seek out Board members who possess the highest personal values, judgment and integrity; an understanding of the regulatory and policy environment in which the corporation does its business; and diverse experience in the key business, financial and other challenges that face a major American enterprise. Stockholders may submit written recommendations for nominees directly to the Chairman of the Nominating and Corporate Governance Committee of the Board in care of the Office of the Secretary of the corporation. The Chairman of the Nominating and Corporate Governance Committee formally invites new director candidates to stand for election to the Board.

In considering stockholder-elected members of the Board for re-nomination, the Nominating and Corporate Governance Committee takes into consideration: (i) a director's contribution to the effective functioning of the corporation; (ii) any change in the director's principal area of responsibility with his or her company or in his or her employment; (iii) the director's retirement from his or her principal area of responsibility with his or her company; (iv) whether the director continues to bring relevant experience to the Board; (v) whether the director has the ability to attend meetings and fully participate in the activities of the Board; and (vi) whether the director has developed any relationships with Fannie Mae or another organization, or other circumstances have arisen, that might make it inappropriate for the director to continue serving on the Board; and (vii) the director's age and length of service on the Board.

Directors are required to inform the Nominating and Corporate Governance Committee of any changes in employment responsibilities in order for the committee to determine whether it is appropriate to re-nominate the Board member for continuing Board service. Generally, a director will not be re-nominated after having served for ten years, although the Nominating and Corporate Governance Committee may for good reason propose the re-nomination of such a director. No director will be proposed for re-nomination after 15 years of Board service. This policy is applied on a gradual basis so that turnover of a significant number of seats on the Board in any one year is limited.

A Board member generally must retire at the Annual Meeting of Shareholders following his or her 70^{th} birthday, except that a director first nominated after age 67 may be re-nominated at up to the next five Annual Meetings.

Unless otherwise requested by the Board, the Chairman and CEO will cease to be a member of the Board of Directors at the termination of his or her employment as CEO. Management directors must obtain approval from the Nominating and Corporate Governance Committee before accepting a seat on the Board of another for-profit organization. Non-management directors must notify the Nominating and Corporate Governance Committee before accepting a seat on the Board of another for-profit organization, and the Committee will determine, in its judgment, whether such service will interfere with the director’s service on the Fannie Mae Board. Unless authorized by the Nominating and Corporate Governance Committee, Directors may not serve on the Board of Directors of more than six public companies. Audit Committee members may not serve on the audit committees of more than three public companies.

DIRECTOR INDEPENDENCE

The Board, with the assistance of the Nominating and Corporate Governance Committee, on an annual basis, reviews the independence of all directors. The Board affirmatively makes a determination as to the independence of each director, and Fannie Mae discloses those determinations. Under the definition of "independence" adopted by the Board, which meets and in some respects exceeds the definition of independence adopted by the New York Stock Exchange, an "independent director" must be determined to have no material relationship with Fannie Mae, either directly or through an organization that has a material relationship with Fannie Mae. A relationship is "material" if, in the judgment of the Board, it would interfere with the director's independent judgment. In addition, an Audit Committee member also must be "independent" within the meaning of the New York Stock Exchange's listing requirements for audit committees. To assist it in determining whether a director is independent, the Board has adopted the guidelines set forth below:

- A director will not be considered independent if, within the preceding five years:

    i. the director was employed by Fannie Mae; or

    ii. an immediate family member of the director was employed by Fannie Mae as an executive officer.

- A director will not be considered independent if, within the preceding five years:

    i. the director was affiliated with or employed by Fannie Mae's outside auditor; or

    ii. an immediate family member of the director was affiliated with or employed in a professional capacity by Fannie Mae's outside auditor.

- A director will not be considered independent if, within the preceding five years:

    i. the director was employed by a company at a time when a Fannie Mae executive officer sat on that company's compensation committee; or

    ii. an immediate family member of the director was employed as an officer by a company at a time when a Fannie Mae executive officer sat on that company's compensation committee.

- A director will not be considered independent if, within the preceding five years:

    i. the director received any compensation from Fannie Mae, directly or indirectly, other than fees for service as a director; or

    ii. an immediate family member of the director received any compensation from Fannie Mae, directly or indirectly, other than compensation received for service as a non-executive employee of Fannie Mae.

- A director will not be considered independent if:

i. the director is an executive officer, employee, controlling shareholder, or partner of a corporation or other business entity that does or did business with Fannie Mae and to which Fannie Mae made, or from which Fannie Mae received, payments within the preceding five years that, in any single fiscal year, were in excess of $1 million or 2 percent of the entity's consolidated gross annual revenues, whichever is greater; or

ii. an immediate family member of the director is an executive officer of a corporation or other business entity that does or did business with Fannie Mae and to which Fannie Mae made, or from which Fannie Mae received, payments within the preceding five years that, in any single fiscal year, were in excess of $1 million or 2 percent of the entity's consolidated gross annual revenues, whichever is greater.

- A director will not be considered independent if the director or the director's spouse is an executive officer, employee, director, or trustee of a nonprofit organization to which Fannie Mae or the Fannie Mae Foundation makes payments in any year in excess of 5 percent of the organization's consolidated gross annual revenues, or $100,000, whichever is less. (Amounts that the Fannie Mae Foundation contributes under Fannie Mae's matching gifts program are not included in the payments calculated for purposes of this standard). The Nominating and Corporate Governance Committee also will administer standards concerning any charitable contribution to organizations otherwise associated with a director or any spouse of a director. The corporation shall be guided by the interests of the company and its stockholders in determining whether and the extent to which it makes charitable contributions.

- Where the guidelines above do not address a particular relationship, the determination of whether the relationship is material, and whether a director is independent, will be made by directors who satisfy the independence guidelines set forth above, based upon the recommendation of the Nominating and Corporate Governance Committee.

The Board may determine that, in its judgment, a director that does not meet these guidelines nonetheless, under all the facts and circumstances, does not have a relationship with Fannie Mae that would interfere with the director's independent judgment. The Board will disclose the basis for any such determination in the company's next proxy statement for the election of directors.

BOARD MEETINGS

The Fannie Mae Board meets at least seven times per year. In addition to regularly scheduled meetings, unscheduled Board meetings may be called with adequate notice, if needed. Directors are expected to attend in person all regularly scheduled Board meetings and the Annual Meeting of Shareholders. The presence of a majority of the incumbent directors at the time of any meeting constitutes a quorum for the transaction of business, and the act of a majority of such directors present at a meeting at which a quorum is present constitutes the act of the Board. Directors may not vote or participate by proxy. The Board may act by unanimous written consent of all incumbent directors.

The Chairman and CEO, in consultation with the Chairs of the Board's committees, determines the agenda for Board meetings. Directors will be asked regularly by the Chairman of the Nominating and Corporate Governance Committee to evaluate the information being provided to the Board and to submit suggestions for Board agenda items.

Fannie Mae's non-management directors meet in executive session on a regular basis. Time for an executive session will be placed on the agenda for every regular Board meeting. The Chairman of the Nominating and Corporate Governance Committee will serve as the presiding director of these sessions. Board dinners are scheduled quarterly each year to give Board members an opportunity to informally discuss Fannie Mae issues.

BOARD MATERIALS

Directors are expected to review and devote appropriate time to studying Board materials. Materials for meetings are generally delivered five to seven business days in advance of each Board and committee meeting. In certain cases, due to the sensitive nature of a matter, presentations are provided only at the Board or committee meeting.

COMMITTEES

The current standing Board committees are the Executive, Assets and Liabilities Policy, Audit, Compensation, Nominating and Corporate Governance, and Housing and Community Development Committees. The bylaws give the Board authority to create additional committees. Each Committee has a written charter setting forth the responsibilities, duties and authorities of the Committee. The full Board reviews and approves Committee charters.

The Audit, Compensation, and Nominating and Corporate Governance Committees consist solely of independent directors. Committee assignments, including the designation of Committee Chairs, are made annually by Board resolution, based on recommendations from the Nominating and Corporate Governance Committee. Assignments are made based on a combination of factors including each individual Board member's expertise and the needs of the corporation.

Each committee meets periodically for an appropriate length of time based on the specific meeting agenda. Generally, the regular annual committee schedule is as follows: Executive, as needed; Audit, at least six times a year; Assets and Liabilities Policy, at least four times a year; Compensation, at least three times a year; Nominating and Corporate Governance, at least four times a year; and Housing and Community Development, at least three times a year. Additional committee meetings are scheduled as needed. Committee agendas are developed by the Committee Chair in consultation with the appropriate members of management and with the input of other directors. Directors are expected to attend in person all regularly scheduled committee meetings. Participation by telephone is permitted in exigent circumstances. Each Committee Chair makes a report on committee matters to the Board of Directors at the next scheduled Board meeting.

Director Access to Management and Outside Advisors

The corporation's senior management team attends Board meetings on a regular basis, both to make special presentations and as a discussion resource, and is available directly to Board members outside of meetings.

The Board and its committees (consistent with the provisions of their respective charters) have the authority to retain such outside counsel, experts, and other advisors as they determine necessary to assist them in the performance of their functions.

Communications with the Board

To facilitate the ability of interested parties to communicate their concerns or questions, Fannie Mae will publish on its website and in its proxy statement a mailing address and an e-mail address for communications directly with the Board of Directors. Communications may be addressed to a specific director or directors, or to independent directors as a group. The office of the Secretary is responsible for processing all the communications to the relevant director or directors. All communications will be forwarded directly to the appropriate Board member(s). In addition, Fannie Mae will publish on its website and in its proxy statement a procedure for communicating with the Audit Committee regarding accounting, internal accounting controls or auditing matters.

Director Compensation

Director compensation is a mix of cash, options, and restricted stock. Vesting over a period of years, director equity compensation is designed to align director interests with stockholders' long-term value. Non-management directors' total compensation is targeted to be consistent with the compensation philosophy applicable to senior management. The Nominating and Corporate Governance Committee is responsible for recommending compensation for non-management directors on the Board and reviews non-management director compensation once a year. Management directors do not receive additional compensation for Board service.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

New directors participate in an orientation program to assist in familiarizing them with Fannie Mae's business and their responsibilities as directors. The Secretary of the corporation is responsible for providing the orientation program to new directors. The orientation program addresses at a minimum Fannie Mae's corporate powers and limitations; an overview of Fannie Mae's business; the housing finance industry; key corporate performance indicators; strategic goals, risks, and the Fannie Mae workforce; and technological change in the industry. Orientation sessions are also provided to new members of Board committees. Fannie Mae supports directors' periodic participation in continuing education programs to assist them in performing their Board responsibilities. In addition, the corporation conducts in-house director education programs on relevant topics.

BOARD PERFORMANCE EVALUATION

The Board's performance can have an important effect on the overall, long-term business performance of the corporation. The Board conducts an annual self-evaluation to assess its effectiveness, on the basis of criteria developed by the Nominating and Corporate Governance Committee and approved by the Board. Each of the Board's committees conducts an annual self-evaluation. The ability of individual directors to contribute to the Board is assessed in connection with the re-nomination process.

MANAGEMENT EVALUATION AND SUCCESSION

The Compensation Committee conducts an annual review of the performance of the corporation and the Chairman of the Board and CEO and senior management. The Chairman of the Board and CEO and other management directors are not present when the Committee meets to evaluate their performance. The Committee Chair reports on that evaluation to the non-management directors of the Board. The annual performance review is based, in large part, upon ratings and commentary provided on an annual CEO Evaluation Form distributed to the entire Board. The CEO rating factors include: strategic thinking; providing vision and direction; accelerating change; intellectual honesty; integrity; motivating and energizing people; teamwork and partnering; influencing delivering results; valuing all people; and developing management. The reviews includes the Compensation Committee's own assessment and reflects discussions with other Board members.

On an annual basis, the Compensation Committee and the non-management members of the Board review management succession planning with the Chairman of the Board and CEO. The Chairman and CEO meets in executive session with the non-management Board on at least an annual basis to discuss succession planning for the CEO and the company's key executives. During the Chairman of the Board's absence or inability to act, or during the vacancy of the office, the Vice Chairman and Chief Operating Officer shall perform the duties and exercise the authority of the Chairman, until a temporary or permanent successor to the Chairman and CEO is appointed by the Board.

CODES OF CONDUCT

Fannie Mae's Board has adopted a Code of Business Conduct applicable to all Fannie Mae employees, which is posted on the company's website. Each employee must annually certify compliance with the Code. The Audit Committee oversees implementation of and compliance with the Code.

The Board has adopted a Code of Business Conduct and Ethics and Conflict of Interests Policy for Members of the Board of Directors, which is posted on the company's website. Each director must annually certify compliance with the Directors' Code. The Nominating and Corporate Governance Committee oversees implementation and compliance with the Directors' Code.

IMPLEMENTATION OF THE GUIDELINES

If the Board ascertains at any time that any of the guidelines set forth herein are not in full force and effect, the Board shall take such action as it deems necessary to assure full compliance.