

OFFERING CIRCULAR



280,000,000 SHARES
FIXED-TO-FLOATING RATE NON-CUMULATIVE PREFERRED STOCK
SERIES S

Dividend Rate:

From the issue date to but excluding December 31, 2010: 8.25% per annum

For the period beginning December 31, 2010: The greater of (i) 7.75% per annum and (ii) 3-Month LIBOR plus 4.23% per annum; Dividend Rate will reset quarterly beginning on December 31, 2010

Payment Dates:

Quarterly; on each March 31, June 30, September 30, and December 31, beginning March 31, 2008, subject to the declaration of dividends by the Board of Directors in its discretion

Optional Redemption by Fannie Mae:

On December 31, 2010, and on each fifth anniversary thereafter, at \$25 per share plus accrued dividends from the most recent payment date, whether or not the dividend was declared

Stated Value:

\$25 per share

Liquidation Preference:

\$25 per share plus accrued dividends from the most recent payment date, whether or not the dividend was declared

Issue Date:

December 11, 2007

We will apply to list the Preferred Stock on the New York Stock Exchange ("NYSE") under the symbol "FNMprS". If approved for listing, we expect trading on the NYSE to commence by December 31, 2007.

An investment in Preferred Stock involves risks for investors. It is important that you read the "Risk Factors" section beginning on page 6 of this Offering Circular, beginning on page 22 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and beginning on page 104 of our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007.

The obligations related to this Preferred Stock, including any dividend payments, are solely the obligation of Fannie Mae. The Preferred Stock is not guaranteed by, and is not a debt or obligation of, the United States or of any of its agencies or instrumentalities.

Table with 4 columns: Description, Initial Public Offering Price(1), Underwriting Discount, Proceeds to Fannie Mae(1)(2). Rows include Per Share and Total.

(1) Plus accrued dividends, if any, from December 11, 2007.

(2) Before deducting estimated expenses of \$255,000 (exclusive of any underwriting discount and advisory fees).

The Underwriters expect to deliver the Preferred Stock in book-entry only form through the facilities of The Depository Trust Company against payment in New York, New York, on or about December 11, 2007.

Joint Book-Running Managers

LEHMAN BROTHERS

MERRILL LYNCH & CO.

Senior Co-Managers

GOLDMAN, SACHS & CO.

JPMORGAN

Co-Managers

BANC OF AMERICA SECURITIES LLC
BEAR, STEARNS & CO. INC.
CITI

DEUTSCHE BANK SECURITIES

MORGAN STANLEY

UBS INVESTMENT BANK

The date of this Offering Circular is December 6, 2007.