

# FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

### STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility  
Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person*	2. Issuer Name <b>and</b> Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
<b>WILLIAMS</b>	<b>FEDERAL NATIONAL MORTGAGE ASSOCIATION (FANNIE MAE)</b>	_____ Director _____ 10% Owner
<b>MICHAEL</b>	<b>FNM</b>	<input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below)
<b>J.</b>	3. Date of Earliest Transaction (Month/Day/Year)	<b>EVP &amp; COO</b>
<b>3900 WISCONSIN AVENUE, NW</b>	<b>10/17/2006</b>	
(Last) (First) (Middle)	4. If Amendment, Date Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check applicable)
<b>3900 WISCONSIN AVENUE, NW</b>		<input checked="" type="checkbox"/> Form filed by One Reporting Person
(Street)		_____ Form filed by More than One Reporting Person
<b>WASHINGTON</b>		
<b>DC</b>		
<b>20016</b>		
(City) (State) (Zip)	<b>Table I -- Non-Derivative Securities Beneficially Owned</b>	

1. Title of Security (Instr. 3)	2. Trans- action Date  (Month/ Day/ Year)	2A. Deemed Execution Date, if any  (Month/ Day/ Year)	3. Trans- action Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s)  (Instr. 3 and 4)	6. Owner- ship Form: Direct (D) or Indirect (I)  (Instr. 4)	7. Nature of Indirect Beneficial Owner- ship  (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/20/2005		G (1)		6000	A	\$0.00	157393.095	D	
Common Stock	10/17/2006		M		13310 (2)	A	\$39.44	170703.095	D	
Common Stock	10/17/2006		F		10951 (3)	D	\$57.91	159752.095 (4)(5)(6)	D	
Common Stock								846.747 (7)	I	By ESOP
Common Stock								700 (8)	I	By Reporting Person as UGMA custodian for daughter

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly

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

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

SEC 1474 (9-02)

FORM 4 (continued)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Employee Stock Option (right to buy)	\$39.44	10/17/2006		M			13310	11/19/1997	11/19/2006	Common Stock	13310	\$0.00	0	D	

Explanation of Responses: See attached footnote page.

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

/s/ Michael J. Williams

10/19/2006

\*\* Signature of Reporting Person

Date

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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