FORM 8−K

FEDERAL NATIONAL MORTGAGE ASSOCIATION FANNIE MAE − FNM

Filed: February 20, 2007 (period: February 08, 2007)

Report of unscheduled material events or corporate changes.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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): February 8, 2007

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)	(I.R.S. Employer Identification No.)
3900 Wisconsin Avenue, NW, Washington, District of Columbia		20016
(Address of principal executive offices)		(Zip Code)

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

Not Applicable

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:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a−12 under the Exchange Act (17 CFR 240.14a−12)
[ ] Pre−commencement communications pursuant to Rule 14d−2(b) under the Exchange Act (17 CFR 240.14d−2(b))
[ ] Pre−commencement communications pursuant to Rule 13e−4(c) under the Exchange Act (17 CFR 240.13e−4(c))

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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 15, 2007, the Board of Directors established 2007 corporate performance goals for cash bonuses for executive officers and other employees under the company s Annual Incentive Plan. The company also decided to eliminate certain perquisites or personal benefits previously available to some or all of the company s officers. In addition, the Board of Directors determined not to make any payouts to any current or former officers under the company s long−term, incentive performance share program for the three−year award cycle ended in 2004 and not to pay the unpaid second installment of the award for the three−year cycle ended in 2003. As a result of the Board s decision relating to the performance share program, Fannie Mae will take into income approximately $44.4 million that it had previously expensed, on a pre−tax basis, for unpaid performance share awards for the 2003 and 2004 award cycles.

CORPORATE PERFORMANCE GOALS FOR 2007

Fannie Mae s Annual Incentive Plan governs the payment of annual cash incentive awards, or cash bonuses, to Fannie Mae s management−level employees, including executive officers. Under the plan, both corporate performance goals and individual award targets are established for each year and, as a result, the amount of the cash bonus that any officer or management−level employee actually receives for performance during any calendar year depends both on Fannie Mae s achievement of the corporate performance goals for that year and on the officer s or employee s achievement of his or her individual goals.

On February 15, 2007, the Board set performance goals for the company for 2007 as follows.

" Business goals relating to new business, book growth and economic returns.

" Mission goals relating to regulatory and affordable housing goals.

" Financial goals relating to completion and filing of the company s Forms 10−K for the years ended December 31, 2005 and December 31, 2006; remediation of significant deficiencies and material weaknesses; and controlling administrative expenses.

" Risk goals relating to risk tolerances for the company s business segments and compliance with risk policies and risk limits.

" Compliance and culture goals relating to ensuring compliance with the provisions of the company s compliance, ethics and investigations program; continuing to build and maintain constructive relationships with regulators; and taking steps to accelerate culture change.

Consistent with the Board s determination in 2006, the performance goals for employees in the company s Internal Audit department and the company s Office of Compliance and Ethics for 2007 will be based on achievement of goals tailored specifically to these departments unique roles in the company, rather than achievement of corporate−wide performance goals. As a result, bonuses for management−level employees in the company s Internal Audit department and in its Office of Compliance and Ethics will be paid from separate bonus pools that will be funded at levels based on achievement of department−specific goals. Attainment of these goals will be determined by the Board s Audit Committee in the case of the Internal Audit department and by the Board s Compliance Committee in the case of the Office of Compliance and Ethics.

ELIMINATION OF PERQUISITES

On February 14, 2007, Fannie Mae decided to eliminate the following perquisites or personal benefits that the company previously provided to its officers:

" payment for financial counseling, effective as of July 1, 2007;

" use of company transportation for any non−business purpose which, effective as of January 1, 2007, will be required to be reimbursed to the company;

" company−owned memberships at country clubs, effective as of January 1, 2008;

" excess liability insurance, effective as of January 1, 2008 for all officers, and effective as of March 1, 2007 for any person who becomes an officer on or after that date;

" any "gross−up," or increase, in income to cover taxes due on any excess liability insurance provided by the company to any officer, effective as of January 1, 2008; and

" any "gross−up," or increase, in income to cover taxes due on any life insurance provided by the company to any officer, effective as of January 1, 2008.

DETERMINATION OF PERFORMANCE SHARE PROGRAM AWARDS

Overview

On February 15, 2007, Fannie Mae s Board of Directors (with only the nonmanagement directors voting) determined not to make any payouts to any current or former officers under the company s long−term, incentive performance share program for the three−year award cycle ended December 31, 2004 and not to pay the unpaid second installment of the award for the three−year cycle ended December 31, 2003. The Board s decision followed its review of qualitative and quantitative analyses of company performance during these award cycles, including a review of the company s Form 10−K for the year ended December 31, 2004, filed with the SEC on December 6, 2006, which included restated audited financial statements, and a review of supplemental financial information. As a result of the Board s decision, the company will take into income approximately $44.4 million that it had previously expensed, on a pre−tax basis, for unpaid performance share awards for the 2003 and 2004 award cycles.

Background

Prior to 2005, Fannie Mae granted long−term incentive awards under its performance share program. Under the program, senior management received shares of common stock of Fannie Mae if the company met performance objectives over a period of three calendar years, with each three−year period constituting a single award cycle. In accordance with the program, the Board of Directors set both financial goals (based on growth in core business earnings) and non−financial goals at the beginning of the three−year award cycle for the entire three−year period, with each set of goals weighted at 50 percent. Under the program, the Board of Directors established minimum, target and maximum payout levels for each set of goals. The Compensation Committee determined achievement against the goals and the amount of the award payout in January of the year following the end of the award cycle. Each participant typically then received one−half of the payout immediately following the Compensation Committee s determination and the second half one year later.

The Compensation Committee and the Board of Directors have established no award cycles under the program since January 2004. In addition, as a result of the company s restatement of prior period financial statements announced in December 2004, the Compensation Committee and the Board determined in January 2005 that, even though the award for the cycle ended in December 2003 had been determined and the first installment paid in early 2004, the company would defer the second (and final) installment of the payout for that award cycle. On December 6, 2006, Fannie Mae filed with the SEC its Form 10−K for the year ended December 31, 2004, including audited financial statements for the years ended December 31, 2002, 2003 and 2004.

Set forth below is a discussion of the status of performance share cycles that ended in the years 2003 through 2006.

Performance Share Cycle ended on December 31, 2003

Based on the restated audited financial statements contained in the 2004 Form 10−K and additional qualitative and quantitative analyses relating to the company s performance during the award cycle that had become available to the Compensation Committee and the Board, the Compensation Committee and the Board reviewed the company s performance against the financial and non−financial goals originally established for the award cycle that ended in 2003. Based on these reviews, the Compensation Committee and the Board determined not to pay the second installment of the award for the 2003 award cycle to the 18 current and 18 former officers eligible to participate in the program for that cycle.

Performance Share Cycle ended on December 31, 2004

For the three−year award cycle ended on December 31, 2004, the Compensation Committee and the Board determined that no award was due to the 21 current and 21 former officers eligible to participate in the program for that cycle. The Compensation Committee and the Board based this determination on their review of the restated audited financial statements contained in the 2004 Form 10−K and additional qualitative and quantitative analyses relating to the company s performance during the award cycle.

Performance Share Cycles ended on December 31, 2005 and 2006

Because Fannie Mae does not have reliable financial data for all years within the award cycles ended on December 31, 2005 and 2006, the Compensation Committee and the Board have decided not to determine payouts under the performance share program for those award cycles at this time.

Item 7.01 Regulation FD Disclosure.

On February 8, 2007, in a speech by the Chief Financial Officer of Fannie Mae and a simultaneous news release reporting on that speech, Fannie Mae provided new guidance on the expected timing of the company s filing of its Annual Report on Form 10−K for the year ended December 31, 2006, and confirmed previous guidance as to the expected timing of the filing of its Annual Report on Form 10−K for the year ended December 31, 2005. A copy of the news release is furnished as Exhibit 99.1 to this report.

On February 15, 2007, Fannie Mae announced that its Board of Directors had approved the redemption of all of the outstanding shares of the company s Variable Rate Non−Cumulative Preferred Stock, Series K. The announcement, a copy of which is furnished as Exhibit 99.2 to this report, is incorporated herein by reference.

The information in this item, including Exhibits 99.1 and 99.2, 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 they be deemed incorporated by reference into any disclosure document relating to Fannie Mae, except to the extent, if any, expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

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

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SIGNATURES

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	
February 20, 2007	*By:*	*G. Scott Lesmes*
		Name: G. Scott Lesmes *Title: Senior Vice President and Deputy General Counsel*

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Exhibit Index

Exhibit No.	Description
99.1	February 8, 2007 News Release Reporting Guidance on Expected Timing of Filing of 2005 and 2006 Forms 10−K
99.2	February 15, 2007 News Release Regarding Redemption of Variable Rate Non−Cumulative Preferred Stock, Series K

FANNIE MAE

news release

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

Contact: Janis Smith at 202−752−6673

Number: 3922

Date: February 8, 2007

Fannie Mae CFO Addresses Credit Suisse Financial Services Forum; Provides New Guidance on Timing of Company's 2006 10−K Filing

WASHINGTON, DC — Fannie Mae (FNM/NYSE) Chief Financial Officer Robert T. Blakely today provided new guidance on the timing of the Company's 2006 Annual Report filing with the U.S. Securities and Exchange Commission (SEC).

"I'd like today to provide new guidance on the timing of our 2006 10−K – specifically, we believe we will file our 2006 results and 10−K before the year is over," Blakely said in remarks delivered at the Credit Suisse Financial Services Forum in Naples, Florida. "We plan to file the 2005 10−K no later than the end of August of this year, and then the 2006 10−K before the end of the year."

Thomas A. Lund, Fannie Mae's Executive Vice President, Single−Family Mortgage Business, also addressed the Forum and provided details on the Company's business outlook. Lund highlighted Fannie Mae's competitive advantages, noting that, "Going into a potentially less benign credit environment, the characteristics of our credit book of business are extremely strong. This is a key point of differentiation between Fannie Mae and many other market participants."

Blakely added that the Company has demonstrated a conservative and effective approach to managing the interest rate risk in mortgage assets it purchases. "This has been reflected in our portfolio's duration gap, which has not exceeded plus or minus one month for over two years," he said.

Commenting on Fannie Mae's portfolio and funding activities, Blakely said, "The reclassification of our mortgage portfolio to available for sale, from hold to maturity, allowed us to enhance our portfolio strategy. We now both buy and sell based on pricing dynamics in the market, with a focus on maximizing total return over time—subject to our risk constraints."

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“Demand for our debt is a cornerstone of our investment activities and a key determinant of our ability to maximize long−term fair value over time,” said Blakely. “We’ve continued to see consistently strong demand for our debt from domestic institutional investors. And, in recent years, we have seen a marked increase in demand for our debt from investors globally.”

Fannie Mae’s 2007 priorities are focused on making the Company more competitive, and Blakely emphasized that increasing competitiveness isn’t just about running a company faster and better. It’s also about running a company cheaper. “Bottom line, we want to run our business as efficiently as possible,” he said. “We’re focused on both identifying tactical, immediate opportunities to capture cost−saves, and on longer−term initiatives to help reduce normalized expenses going forward.” Blakely reiterated the Company’s commitment to reduce planned operating expenses by $200 million in 2007 and indicated that normalized operating expenses (excluding non−recurring costs associated with returning to timely financial reporting) are expected to approximate $2 billion per year.

Fannie Mae also provided a positive outlook for its Single−Family business, and Lund noted: “We also see very solid growth opportunities for our Single−Family business this year, next year and for the long term. We expect growth in our MBS to be slightly higher than the growth of the mortgage market.”

An audio webcast of their presentations, along with Blakely’s slide presentation, is available on Fannie Mae’s Web site at www.fanniemae.com.

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Fannie Mae is a New York Stock Exchange Company. It operates pursuant to a federal charter. Fannie Mae has pledged through its American Dream Commitment to expand access to homeownership for millions of first−time home buyers; help raise the minority homeownership rate to 55 percent; make homeownership and rental housing a success for millions of families at risk of losing their homes; and expand the supply of affordable housing where it is needed most. More information about Fannie Mae can be found on the Internet at http://www.fanniemae.com.

FANNIE MAE

news release

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

Contact: Janis Smith at 202−752−6673

Number: 3931

Date: February 15, 2007

Fannie Mae to Redeem its Preferred Stock Series K

WASHINGTON, DC – Fannie Mae (FNM/NYSE) today announced that its Board of Directors has approved the redemption of all eight million outstanding shares of the company's Variable Rate Non−Cumulative Preferred Stock, Series K, with an aggregate stated value of $400 million, in accordance with the Certificate of Designation of Terms of the Series K preferred stock.

"Redeeming costly variable−rate preferred stock in this rising rate environment will result in millions of dollars in annual after−tax savings for the Company going forward," said Chief Financial Officer Robert Blakely. "This action is consistent with our responsibility to manage our shareholders' capital prudently."

Fannie Mae also announced earlier this year that the Company will redeem all outstanding shares of its Variable Rate Non−Cumulative Preferred Stock, Series J, with an aggregate stated value of $700 million, on February 28, 2007.

Outstanding shares of Series K preferred stock will be redeemed on April 2, 2007, at a redemption price of $50 per share plus a dividend, which will accrue at the Swap Rate (as defined in the Series K Certificate of Designation) plus 1.33 percent for the period from and including March 31, 2007, to but excluding April 2, 2007.

On January 19, 2007, the Board of Directors declared a dividend to be paid to the registered holders of Series K preferred stock, as shown on the books of the corporation at the close of business on March 20, 2007. The dividend will accrue at an annual rate of (i) 5.396 percent for the period from and including December 31, 2006 to but excluding March 18, 2007 and (ii) the Swap Rate plus 1.33 percent (subject to a cap of 8.000 percent per annum) for the period from and including March 18, 2007 to but excluding March 31, 2007. The dividend will be payable on March 31, 2007.

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The corporation will announce the dividend per share amount for the first quarter and the redemption price for the Series K preferred stock when the corporation determines the Series K dividend rate (which resets on March 18, 2007).

Computershare Trust Company, N.A., 250 Royall Street, Canton, Massachusetts 02021 will act as the redemption agent. A Notice of Redemption will be mailed to holders of the Series K preferred stock next week.

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