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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):

December 7, 2004

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 1.01. Entry into a Material Definitive Agreement.**

As discussed below, on December 7, 2004, the Board of Directors of Fannie Mae (formally, the Federal National Mortgage Association) elected John K. Wulff to join Fannie Mae's Board of Directors.

In accordance with Fannie Mae's non-management director compensation practices, Mr. Wulff received upon his election to Fannie Mae's Board an option to purchase 2,000 shares of Fannie Mae common stock and a grant of 262 shares of restricted stock, and will receive a grant of 1,625 shares of restricted stock.

Mr. Wulff's option has an exercise price of \$70.635 per share, which was the fair market value on the date of grant. The option vests over four years in equal annual installments beginning on the first anniversary of the date of grant, subject to accelerated vesting upon Mr. Wulff's departure from the board of directors. The option expires 10 years after the date of grant or, if earlier, one year following Mr. Wulff's departure from the Board of directors.

Mr. Wulff will receive a total of 1,887 shares of restricted stock in connection with his election to Fannie Mae's Board. The restrictions will lapse and the shares will vest according to the following schedule: 412 shares will vest before the 2005 annual meeting of Fannie Mae shareholders; 825 shares will vest before the 2006 annual meeting; and 650 shares will vest before the 2007 annual meeting. These shares cannot be sold until they vest, and vesting is contingent on Mr. Wulff's continued service on Fannie Mae's Board, subject to accelerated vesting upon departure from the Board due to death, disability, or not being renominated after age 70.

As a holder of restricted stock, Mr. Wulff will have all of the rights and privileges of a shareholder as to the restricted common stock, other than the ability to transfer it, including the right to receive any cash or stock dividends declared with respect to the stock and the right to provide instructions on how to vote the stock.

**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On December 7, 2004, the Board of Directors of Fannie Mae elected John K. Wulff to join the Board to fill the unexpired term of Anne Mulcahy, who resigned in October. The Board appointed Mr. Wulff to the Board's Audit and Compensation Committees.

Mr. Wulff is the non-executive Chairman of the Board of Hercules Incorporated, a manufacturer and supplier of specialty chemical products, a position he has held since December 2003. He was elected as a director of Hercules in July 2003, and served as Interim Chairman from October 2003 to December 2003. Wulff also was a member of the Financial Accounting Standards Board (FASB) from July 2001 until June 2003. From January 1996 until March 2001, he was the chief financial officer of Union Carbide Corporation. During his 14 years with Union Carbide, Mr. Wulff also served as vice president and principal accounting officer from January 1989 to December 1995, and controller from July 1987 to January 1989. From April 1977 until June 1987, Wulff was a partner with KPMG and predecessor firms.

**Item 8.01. Other Events.**

Fannie Mae has entered into an agreement with the U.S. Department of Justice in regard to forfeiture proceedings relating to a mortgage fraud scheme committed by principals at First Beneficial Mortgage Corporation. Under the consent order, which embodies this agreement and which was entered on December 8, 2004 by the U.S. District Court for the Western District of North Carolina, Fannie Mae will provide \$7,500,516 to the government. This includes \$6,522,199 that the principals at First Beneficial obtained through fraud, plus an additional \$978,328 in stipulated interest.

As the consent order states, Fannie Mae is also a victim of a mortgage fraud scheme perpetrated by First Beneficial's principals and Fannie Mae has actively worked with the government to convict them. Fannie Mae provided documents and witness testimony in the underlying trial in 2002, assisting the government in its successful prosecution and conviction of the defendants. Fannie Mae intends to work with HUD and other appropriate government and industry entities to establish an appropriate process for sharing information with each other with respect to the type of activities involved in this matter.

**Item 9.01. Financial Statements and 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

*December 9, 2004*

By: *Ann M. Kappler*

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*Name: Ann M. Kappler*

*Title: Executive Vice President and General Counsel*

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## Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
10.1	Nonqualified Stock Option Grant Award Document for John K. Wulff. This exhibit is a management contract or compensatory plan or arrangement.
10.2	Restricted Stock Award Document for John K. Wulff. This exhibit is a management contract or compensatory plan or arrangement.
10.3	Form of Nonqualified Stock Option Grant Award Document. This exhibit is a management contract or compensatory plan or arrangement.
10.4	Form of Restricted Stock Award Document. This exhibit is a management contract or compensatory plan or arrangement.
10.5	Form of Restricted Stock Units Award Document. This exhibit is a management contract or compensatory plan or arrangement.
10.6	Form of Performance Share Plan Information Sheet. This exhibit is a management contract or compensatory plan or arrangement.
10.7	Form of Nonqualified Stock Option Grant Award Document for Nonmanagement Directors. This exhibit is a management contract or compensatory plan or arrangement.
10.8	Form of Restricted Stock Award Document under Fannie Mae Stock Compensation Plan of 2003 for Nonmanagement Directors. This exhibit is a management contract or compensatory plan or arrangement.
10.9	Form of Restricted Stock Award Document under Fannie Mae Stock Compensation Plan of 1993 for Nonmanagement Directors. This exhibit is a management contract or compensatory plan or arrangement.

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**FANNIE MAE  
NONQUALIFIED STOCK OPTION GRANT  
FOR NONMANAGEMENT DIRECTORS  
Award Document**

This grant of Nonqualified Stock Options from Fannie Mae (the "Corporation"), is made to John K. Wulff as a Nonmanagement Director (the "Optionee") and is effective as of December 7, 2004.

**WITNESSETH:**

1. Grant of Option. Pursuant to the provisions of the Fannie Mae Stock Compensation Plan of 2003 (hereinafter called the "Plan"), the Corporation hereby grants to the Optionee, subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the option to purchase from the Corporation all or any part of an aggregate of 2,000 shares of Common Stock (\$0.525 stated value) of the Corporation (hereinafter called "Common Stock") at the purchase price of \$70.635 per share, such option to be exercised as hereinafter provided.
2. Definitions. All capitalized terms used herein and not otherwise defined have the meanings given them in the Plan.
3. Terms and Conditions. It is understood and agreed that the option evidenced hereby is subject to the following terms and conditions:
  - (a) Option Period and Ability to Exercise. The option shall be for ten years and shall expire as of the close of business on December 5, 2014. Subject to subparagraph (d) of this paragraph 3, this option shall vest and become exercisable over a four-year period at a rate of 25 percent each year on the anniversary date of the grant.
  - (b) Exercise of Option. Subject to the other terms hereof and the Plan regarding the exercisability of this option, this option may be exercised in whole or from time to time in part until the date of expiration of this option under either subparagraph (a) or (d) of this paragraph 3, whichever is earlier. The Optionee may exercise this option by providing written notice, or any other authorized method (including in electronic form), to the Corporation or its designee specifying the number of shares as to which the option is being exercised.
  - (c) Payment of Purchase Price Upon Exercise. At the time of any exercise, the purchase price of the shares as to which this option shall be exercised shall be paid in accordance with Section 6.3 of the Plan.
  - (d) Exercise in the Event of Termination of Directorship. If the Optionee's service as a member of the Board is terminated for any reason, this option shall immediately vest in full and may be exercised until the earlier of one year after the date of such termination or the expiration of the stated term of this option.
  - (e) Transferability of Option. This option shall not be transferable other than in accordance with the terms of the Plan.
  - (f) Adjustments in Event of Change in Stock. In the event of any change in the Common Stock by reason of an event described in Section 8.2(a) of the Plan, the adjustments provided in Section 8.2(b) of the Plan shall be made. Any adjustment so made shall be final and binding upon the Optionee.
  - (g) Optionee Has No Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock subject to this option prior to the date of issuance to the

Optionee of such shares.

(h) Compliance with Law and Regulations. This option and the obligation of the Corporation to sell and deliver shares of Common Stock hereunder, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. The Corporation shall not be required to issue or deliver any certificates for shares of Common Stock prior to (i) the listing of such shares on any stock exchange on which the Common Stock may then be listed and (ii) the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulation of any government body which the Corporation shall, in its sole discretion, determine to be necessary or advisable.

4. Optionee Bound by Plan. Optionee is bound by all the terms and provisions of the Plan and the Plan's administrator's records. In the event of a conflict between this Award Document and the terms of the Plan or the records of the Plan's administrator, the terms of the Plan and records of the Plan's administrator shall control.

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**FANNIE MAE  
RESTRICTED STOCK AWARD  
FOR NONMANAGEMENT DIRECTORS  
Award Document**

This grant of Restricted Stock from Fannie Mae (the “Award”) is made to you as a Nonmanagement Director (the “Awardee”) effective as of the date of grant set forth in Exhibit A attached hereto.

1. Grant of Stock. Pursuant to the provisions of the Fannie Mae Stock Compensation Plan of 1993 (the “Plan”), Fannie Mae hereby grants to the Awardee, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth in this Award Document, restricted shares of Common Stock of Fannie Mae (the “Restricted Stock”) as set forth in Exhibit A, attached hereto.

2. Definitions. Unless provided otherwise herein, all defined terms are written with initial capital letters and shall have the meaning stated in the Plan.

3. Terms and Conditions. By accepting the Award, the Awardee agrees that the Award is subject to the following terms and conditions:

(a) Pre-Vesting Limitations. The Restricted Stock, the right to vote the Restricted Stock, and the right to receive dividends or other distributions with respect to the Restricted Stock may not, except in accordance with Plan provisions, be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise disposed of or encumbered, either voluntarily or involuntarily, until the restrictions have lapsed. Fannie Mae reserves the right to impose similar restrictions on any cash or property distributed with respect to any shares of Restricted Stock. Restrictions shall lapse in accordance with the vesting schedule set forth in Exhibit A or, if earlier, (i) upon the Awardee’s Total Disability, (ii) death, or (iii) if the Awardee was elected to the Board by the shareholders, not being renominated after reaching age 70, or at such earlier time and in such circumstances, if any, as may be determined under the Plan.

(b) Treatment of Restricted Stock Upon Termination of Awardee’s Membership on the Board. Unless otherwise provided by the Committee, all shares of Restricted Stock as to which the restrictions have not lapsed in accordance with the provisions hereof shall be immediately forfeited upon the termination of the Awardee’s membership on the Board. Forfeited shares of Restricted Stock shall be automatically transferred to Fannie Mae without payment of any consideration by Fannie Mae and without any required consent or other action by the Awardee, and all rights of Awardee with respect to such shares of Restricted Stock shall thereupon cease.

(c) Shareholder Rights. The Awardee shall be entitled to voting rights and the right to any dividends or other distributions with respect to the shares of Restricted Stock held by the Awardee, regardless of whether such shares are vested or unvested, provided that such rights shall terminate immediately as to any Restricted Stock that is forfeited.

(d) Award Confers No Rights with Respect to Reappointment or Renomination to Serve as a Member of the Board. This Award shall not confer upon the Awardee any right to be reappointed or renominated to serve as a member of the Board.

(e) Compliance with Law and Regulations. This Award and the obligation of Fannie Mae to release unencumbered shares hereunder shall be subject to applicable federal and state laws, rules and regulations, and to such approvals by any government or regulatory agency as may be required.

4. Awardee Bound by Plan and Administrator’s Records. Awardee is bound by all the terms and provisions of the Plan and the records of the Plan’s administrator (including any third-party recordkeeper). In the event of a conflict between the Award Document and the terms of the Plan or the records of the Plan’s administrator, the



terms of the Plan and records of the Plan's administrator shall control.

5. Legends. Prior to the lapse of the restrictions on the Restricted Stock, Fannie Mae or its designee shall hold the Restricted Stock in book entry or certificate form and any certificates shall contain the following legend:

“The shares of stock represented hereby are subject to the terms and conditions (including the risks of forfeiture and restrictions against transfer) contained in the Fannie Mae Stock Compensation Plan of 1993 and the Restricted Stock Award Document. Release from such terms and conditions shall be made only in accordance with the provisions of the Plan and this Award Document, a copy of each of which is on file in the office of the Department of Human Resources of Fannie Mae.”

Awardee:	John K. Wulff
Date of Grant:	December 7, 2004
Restricted Stock:	262 shares of Fannie Mae common stock
Vesting Schedule:	87 shares vest the day before the 2005 annual meeting of Fannie Mae shareholders

175 shares vest the day before the 2006 annual meeting of Fannie Mae shareholders

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**FANNIE MAE  
NONQUALIFIED STOCK OPTION GRANT  
AWARD DOCUMENT**

This Grant of Nonqualified Stock Options from Fannie Mae (the “Corporation”), is made to you as Optionee (the “Optionee”), effective as of the date of grant set forth in the grant detail.

1. Grant of Option. Pursuant to the provisions of the Fannie Mae Stock Compensation Plan of 2003 (the “Plan”), the Corporation hereby grants to the Optionee, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth in this Award Document and in the grant detail, the option to purchase from the Corporation all or any part of the aggregate number of shares of Common Stock (\$0.525 stated value) of the Corporation (hereinafter called “Stock”) at the purchase price per share as set forth in the grant detail. Such option to be exercised as hereinafter provided.

2. Definitions. Unless provided otherwise herein, all defined terms are written with initial capital letters and shall have the meaning stated in the Plan.

3. Terms and Conditions. By accepting the grant, you agree that the option evidenced hereby is subject to the following terms and conditions:

(a) Expiration Date. The option shall expire on the close of business ten years from the date of grant (the “Expiration Date”).

(b) Exercise of Option. Subject to the other terms in this Award Document regarding the vesting and exercisability of this option, this option may be exercised in accordance with the schedule set forth in the Grant Detail. This option may be exercised in whole or from time to time in part when and to the extent exercisable by its terms. The Optionee may exercise this option by providing written notice, or any other authorized method (including in electronic form), to the Corporation or its designee specifying the number of shares as to which the option is being exercised

(c) Payment of Purchase Price Upon Exercise. At the time of any exercise the purchase price of the shares as to which this option shall be exercised shall be paid to the Corporation in one or a combination of the following methods: (i) by electronic funds transfer; (ii) by check payable to the order of the Corporation; (iii) by notice and third party payment; (iv) by delivering Stock already owned by the Optionee; or (v) by cashless exercise. Shares of Stock used to satisfy the exercise price of an option shall be valued at their Fair Market Value (as defined in Section 1.2(17) of the Plan).

(d) Exercise in the Event of Death or Termination of Employment. Unless otherwise specified by the Nonmanagement Board or the Committee, if the Optionee’s employment with the Corporation shall terminate because of Retirement, Early Retirement, Total Disability or death, this option shall be fully vested and may be exercised with respect to 100 percent of the shares subject to this option, at any time, or from time to time, but not later than the Expiration Date. In the event of the death of the Optionee, this option may be exercised as specified in this subparagraph (d) of paragraph 3 by the person or persons to whom the Optionee’s rights under this option pass by will or applicable law, or, if no such person has such rights, by the Optionee’s executors or administrators, at any time, or from time to time, but in no event later than the Expiration Date. Unless otherwise specified by the Nonmanagement Board or the Committee, if the Optionee’s employment shall terminate for any reason on or after the date the Optionee shall have attained age 55 with five years of service with the Corporation, this option may be exercised only to the extent that the Optionee was able to do so at the date of termination of employment, at any time, or from time to time, until the Expiration Date. Unless otherwise specified by the Nonmanagement Board or the Committee, if the Optionee’s employment shall terminate for any reason other than Retirement, Early Retirement, Total Disability, death, cause or having attained age 55 with five years of service, this option may be exercised only to the extent that the Optionee was entitled to do so at the date of termination of employment, at any time, or from time to time, until the earlier of (i) the Expiration Date or (ii) three months after the date of such termination of employment. Unless otherwise specified by the Nonmanagement Board or the Committee, if the Optionee’s employment shall terminate for “Cause”, as defined by the Plan, all of this option (both vested and unvested) will expire on the date of termination.

(e) Notwithstanding subparagraph (d) of this paragraph 3, if the Optionee’s employment shall terminate, but the Optionee executes, prior to the termination of his or her employment, a separation agreement with the Corporation, this option both shall vest and may be exercised only in accordance with the terms of the Plan.

(f) Transferability of Option. This option shall not be transferable other than in accordance with the terms of the Plan. This option shall be exercisable only by the Optionee; the Optionee’s Personal Representative, if any; the Optionee’s Beneficiary, if the Optionee has died; or, a Permitted Transferee (as defined in the Plan).

(g) Adjustments in Event of Change in Stock. In the event of any change in the Stock by reason of an event described in Section 8.2(a) of the Plan, the adjustments provided in Section 8.2(b) shall be made. Any adjustment so made shall be final and binding

upon the Optionee.

(h) Optionee Has No Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Stock subject to this option prior to the date of issuance to the Optionee of such shares.

(i) Option Confers No Rights with Respect to Continuance of Employment. This option shall not confer upon Optionee any right with respect to continuance of employment by the Corporation, nor shall it interfere in any way with the right of the Corporation to terminate the Optionee's employment at any time.

(j) Compliance with Law and Regulations. This option, and the obligation of the Corporation to deliver shares of Stock hereunder, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. The Corporation shall not be required to issue or deliver shares of Stock prior to (i) the listing of such shares on any stock exchange on which the Stock may then be listed and (ii) the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulation of any government body which the Corporation shall, in its sole discretion, determine to be necessary or advisable.

4. Optionee Bound by Plan and Administrator's Records. Optionee is bound by all the terms and provisions of the Plan and the Plan's administrator's records. In the event of a conflict between this option Award Document and the terms of the Plan or the records of the Plan's administrator, the terms of the Plan and records of the plan's administrator shall control.

5. Withholding of Taxes. The issuance of any shares of Stock hereunder is conditioned upon prompt and timely payment by or on behalf of the Optionee to the Corporation of any and all federal, state, foreign or local taxes required to be withheld by the Corporation in respect thereof. The Optionee shall pay or provide for the payment of such taxes through (i) delivery of a check or cash, (ii) delivery to the Corporation of shares of Stock, (iii) retention by the Corporation of a portion of the shares of Stock issuable upon exercise of the Option, (iv) wire transfer, or (v) any other approved method. Shares of Stock used to pay tax withholding shall be valued at their Fair Market Value (as defined in Section 1.2(17) of the Plan).

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**FANNIE MAE  
RESTRICTED STOCK AWARD  
Award Document**

This grant of Restricted Stock from Fannie Mae (the “Award”) is made to you as an Eligible Employee (the “Awardee”) effective as of the date of grant set forth in the grant detail available for you to view on the UBS website.

1. Grant of Stock. Pursuant to the provisions of the Fannie Mae Stock Compensation Plan of 2003 (the “Plan”), Fannie Mae hereby grants to the Awardee, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth in this Award Document, restricted shares of Common Stock of Fannie Mae (the “Restricted Stock”) as set forth in the grant detail found on the “Restricted” page under the “Grants/Awards/Units” tab on the UBS website.

2. Definitions. Unless provided otherwise herein, all defined terms are written with initial capital letters and shall have the meaning stated in the Plan.

3. Terms and Conditions. By accepting the Award, the Awardee agrees that the Award is subject to the following terms and conditions:

(a) Pre-Vesting Limitations. The Restricted Stock, the right to vote the Restricted Stock, and the right to receive dividends or other distributions with respect to the Restricted Stock may not, except in accordance with Plan provisions, be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise disposed of or encumbered, either voluntarily or involuntarily, until the restrictions have lapsed. Fannie Mae reserves the right to impose similar restrictions on any cash or property distributed with respect to any shares of Restricted Stock. Restrictions shall lapse in accordance with the vesting schedule set forth in the grant detail or, if earlier, (i) upon the Awardee’s Total Disability or death or at such earlier time and in such circumstances, if any, as may be determined under the Plan (including, without limitation, pursuant to Section 4.2(d) of the Plan if applicable).

(b) Treatment of Restricted Stock Upon Termination of Employment. Unless otherwise provided by the Committee, all shares of Restricted Stock as to which the restrictions have not lapsed in accordance with the provisions hereof shall be immediately forfeited upon the termination of employment of the Awardee. Forfeited shares of Restricted Stock shall be automatically transferred to Fannie Mae without payment of any consideration by Fannie Mae and without any required consent or other action by the Awardee, and all rights of Awardee with respect to such shares of Restricted Stock shall thereupon cease.

(c) Shareholder Rights. The Awardee shall be entitled to voting rights and the right to any dividends or other distributions with respect to the shares of Restricted Stock held by the Awardee, regardless of whether such shares are vested or unvested, provided that such rights shall terminate immediately as to any Restricted Stock that is forfeited. Dividends and other distributions paid on unvested shares of Restricted Stock may be taxable to the Awardee as additional compensation.

(d) Payment of Taxes. This Award is conditioned upon prompt and timely payment by the Awardee to Fannie Mae of any and all taxes required to be withheld by Fannie Mae with respect to the grant or with respect to the vesting of the Restricted Stock. The Awardee shall pay such taxes as follows: (i) if the withholding obligation arises in connection with the vesting of any shares of Restricted Stock, by electing to have a portion of such shares with a value equal to the required withholding transferred to Fannie Mae, or (ii) by the delivery of a check in form satisfactory to the plan administrator, or (iii) by wire transfer. Fannie Mae’s obligation to release unencumbered shares of Common Stock upon the lapse of restrictions on any Restricted Stock shall be subject to the satisfaction by the Awardee of these obligations.

(e) Award Confers No Rights with Respect to Continuance of Employment. This Award shall not confer

upon the Awardee any right with respect to continued employment by Fannie Mae, nor shall it interfere in any way with the right of Fannie Mae to terminate the Awardee's employment at any time.

(f) Compliance with Law and Regulations. This Award and the obligation of Fannie Mae to release unencumbered shares hereunder shall be subject to applicable federal and state laws, rules and regulations, and to such approvals by any government or regulatory agency as may be required.

4. Awardee Bound by Plan and Administrator's Records. Awardee is bound by all the terms and provisions of the Plan and the records of the Plan's administrator (including any third-party recordkeeper). In the event of a conflict between the Award Document and the terms of the Plan or the records of the Plan's administrator, the terms of the Plan and records of the Plan's administrator shall control.

5. Legends. Prior to the lapse of the restrictions on the Restricted Stock, Fannie Mae or its designee shall hold the Restricted Stock in book entry or certificate form and any certificates shall contain the following legend:

“The shares of stock represented hereby are subject to the terms and conditions (including the risks of forfeiture and restrictions against transfer) contained in the Fannie Mae Stock Compensation Plan of 2003 and the Restricted Stock Award Document. Release from such terms and conditions shall be made only in accordance with the provisions of the Plan and this Award Document, a copy of each of which is on file in the office of the Department of Human Resources of Fannie Mae.”

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**FANNIE MAE  
RESTRICTED STOCK (UNITS) AWARD  
Award Document**

This grant of units of Restricted Stock from Fannie Mae (the “Award”) is made to you as an Eligible Employee (the “Awardee”) effective as of the date of grant set forth in the grant detail available for you to view on the UBS website.

1. Grant of Units. Pursuant to the provisions of the Fannie Mae Stock Compensation Plan of 2003 (the “Plan”), Fannie Mae hereby grants to the Awardee, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth in this Award Document, restricted units (the “Restricted Stock units”) relating to the Common Stock of Fannie Mae as set forth in the grant detail found on “Restricted” page under the “Grants/Awards/Units” tab on the UBS website. Each unit represented by this Award represents the unfunded and unsecured contractual right to the future delivery of one share of Common Stock, subject to the restrictions herein and in the Plan.

2. Definitions. Unless provided otherwise herein, all defined terms are written with initial capital letters and shall have the meaning stated in the Plan.

3. Terms and Conditions. By accepting the Award, the Awardee agrees that the Award evidenced by the Award Document is subject to the following terms and conditions:

(a) Pre-Vesting Limitations. The Restricted Stock units and the right to receive payments from Fannie Mae in lieu of dividends or other distributions with respect to the Common Stock represented by the units may not, except in accordance with Plan provisions, be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise disposed of or encumbered, either voluntarily or involuntarily. Restrictions shall lapse in accordance with the vesting schedule set forth in the grant detail or, if earlier, upon the Awardee’s Retirement, Early Retirement, Total Disability or death or at such earlier time and in such circumstances, if any, as may be determined under the Plan (including, without limitation, pursuant to Section 4.2(d) of the Plan if applicable).

(b) Treatment of Restricted Stock Units Upon Termination of Employment. Unless otherwise provided by the Committee, the Awardee’s rights under the Restricted Stock units as to which the restrictions have not lapsed in accordance with the provisions hereof, including without limitation the right to the future delivery of shares of Common Stock, shall be immediately forfeited upon the termination of employment of the Awardee without payment of any consideration by Fannie Mae and without any consent or other action by the Awardee, and all rights of Awardee with respect to such Restricted Stock units shall thereupon cease.

(c) Delivery of Shares; Shareholder Rights. As soon as practicable following the vesting of a Restricted Stock unit, Fannie Mae will cause one share of Common Stock to be transferred to the Awardee (or, in the event of the Awardee’s death, except, as otherwise provided within the Plan, to the Awardee’s estate. Until such time as such share of Common Stock is transferred to the Awardee, the Awardee shall not be treated as a shareholder with respect thereto and shall have no rights to related dividends or other distributions, or voting rights; provided, that during such periods, prior to the actual delivery of shares of Common Stock, as the Awardee holds units hereunder, the Awardee shall be entitled to receive payments from Fannie Mae in lieu of the regular cash dividends that would have been payable had such units been actual shares of Common Stock owned by the Awardee. Any such payments in lieu of cash dividends from Fannie Mae shall be taxable as additional compensation to the Awardee. If there is a stock split, stock dividend or similar change affecting the Common Stock, Fannie Mae shall appropriately adjust the outstanding units of Restricted Stock to reflect such change.

(d) Payment of Taxes. This Award and Fannie Mae’s obligation to deliver shares of Common Stock upon the vesting of this Award are conditioned upon the prompt and timely payment by the Awardee to Fannie Mae of any and all taxes required to be withheld by Fannie Mae with respect to the vesting of the Award or the delivery of

shares of Common Stock hereunder. The Awardee shall pay such taxes as follows: (i) if the withholding obligation arises in connection with the delivery of shares of Common Stock, by electing to have a portion of such shares with a value equal to the required withholding held back by Fannie Mae; or (ii) by the delivery of a check in form satisfactory to the plan administrator, or (iii) by wire transfer.

(e) Award Confers No Rights with Respect to Continuance of Employment. This Award shall not confer upon the Awardee any right with respect to continued employment by Fannie Mae, nor shall it interfere in any way with the right of Fannie Mae to terminate the Awardee's employment at any time.

(f) Compliance with Law and Regulations. This Award and the obligation of Fannie Mae to deliver shares hereunder shall be subject to applicable federal and state laws, rules and regulations, and to such approvals by any government or regulatory agency as may be required.

4. Awardee Bound by Plan and Administrator's Records. Awardee is bound by all the terms and provisions of the Plan and the records of the Plan's administrator (including any third-party recordkeeper). In the event of a conflict between the Award Document and the terms of the Plan or the records of the Plan's administrator, the terms of the Plan and records of the Plan's administrator shall control.

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**PERFORMANCE SHARE PLAN INFORMATION SHEET**  
**PSP (200\_-200\_)**

**Name:**

**Performance Shares Granted:**

Performance shares are contingent grants of Fannie Mae stock, where the actual number of shares you receive at the end of the performance period will be determined by the extent to which each performance criterion is achieved.

Performance Cycle — Performance cycles are three years in length. The current cycle (PSP ) started January 1, 200\_ and concludes December 31, 200\_.

Performance Criteria — Performance criteria are established for each cycle and are tied to the corporation’s strategic plan. The performance criteria used for this cycle are shown below; each measure will have a percent weighting in the calculation of final award.

- Growth in Earnings Per Share — The compound annual growth targets for this cycle are:

<u>Compound Annual EPS Growth Targets</u>	
<u>Threshold Target Maximum</u>	
PSP	**** **

- Corporate Performance Assessment — This measure is an assessment by the Compensation Committee of the Board of Directors of the company’s success in the following areas:

- [To be inserted]

Calculation of Award Size — When the cycle is completed, the Compensation Committee of the Board will determine the extent to which each of the performance criteria has been met. Achievement against each performance measure can range from 40 percent for threshold performance, to 100 percent for target performance, to a maximum of 150 percent. If performance is below threshold, no payout will be made. The achievement percentages are then adjusted for their relative weighting in the cycle and are combined to determine the number of shares in the final award. (This calculation is governed by the stock price cap discussed on the next page.)

Award Payout — The award will be paid in shares of Fannie Mae common stock in two installments beginning as soon as practicable after the end of the performance cycle. Fifty percent of the award will be paid in the January following the end of the performance period (January 200\_) and the balance will be paid in January 200\_. Dividend equivalents on the “deferred” shares will be included in the second payment. You must be employed on the payment dates to receive the amounts due, except in the case of death, disability, or retirement.

Tax Consequences -There are no taxes due at the time of grant. Taxes are due when awards are paid. You can elect to satisfy withholding taxes by having shares withheld or by making a cash payment to Fannie Mae.

Stock Price Cap — The plan limits the extent to which share price appreciation can affect the calculation of the final award. The share price used for that calculation is capped at three times the share price on the initial date of grant. If Fannie Mae’s share price at the end of the performance cycle exceeds the cap, the final award value is adjusted downward to reflect the limitation of the cap. For this cycle (PSP ), the share price is capped at \$ (3 x

\$ ). This figure would be modified for any stock splits or other adjustments.

Treatment Upon Termination — Participants who terminate at least eighteen months after the beginning of the cycle (i.e., after July 1, 200\_) due to Total Disability or having attained at least age 55 with at least five years of service would receive pro rata payment at the end of the cycle. If the termination date is after the conclusion of the cycle (i.e., after December 200\_), the pro rata award would be distributed as soon as practical in one lump sum.

Participants who die prior to the end of the performance cycle, but at least eighteen months after the beginning of the cycle, would receive a pro rata payment of the award as soon as practicable after the participant's death. To determine the amount to be paid, the Compensation Committee would assess achievement against the cycle's goals for that portion of the performance cycle during which the participant was employed by the Corporation.

If termination is for any other reason, all awards are cancelled as of the termination date, including unpaid portions of performance cycles that have concluded.

*This award is granted under and otherwise subject to the terms and conditions of the Stock Compensation Plan of 2003.*

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**FANNIE MAE  
NONQUALIFIED STOCK OPTION GRANT  
FOR NONMANAGEMENT DIRECTORS  
Award Document**

This grant of Nonqualified Stock Options from Fannie Mae (the “Corporation”), is made to ? as a Nonmanagement Director (the “Optionee”) and is effective as of ?, 200?.

**WITNESSETH:**

1. Grant of Option. Pursuant to the provisions of the Fannie Mae Stock Compensation Plan of 2003 (hereinafter called the “Plan”), the Corporation hereby grants to the Optionee, subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the option to purchase from the Corporation all or any part of an aggregate of ? shares of Common Stock (\$0.525 stated value) of the Corporation (hereinafter called “Common Stock”) at the purchase price of \$? per share, such option to be exercised as hereinafter provided.
2. Definitions. All capitalized terms used herein and not otherwise defined have the meanings given them in the Plan.
3. Terms and Conditions. It is understood and agreed that the option evidenced hereby is subject to the following terms and conditions:
  - (a) Option Period and Ability to Exercise. The option shall be for ten years and shall expire as of the close of business on ? . Subject to subparagraph (d) of this paragraph 3, this option shall vest and become exercisable over a four-year period at a rate of 25 percent each year on the anniversary date of the grant.
  - (b) Exercise of Option. Subject to the other terms hereof and the Plan regarding the exercisability of this option, this option may be exercised in whole or from time to time in part until the date of expiration of this option under either subparagraph (a) or (d) of this paragraph 3, whichever is earlier. The Optionee may exercise this option by providing written notice, or any other authorized method (including in electronic form), to the Corporation or its designee specifying the number of shares as to which the option is being exercised.
  - (c) Payment of Purchase Price Upon Exercise. At the time of any exercise, the purchase price of the shares as to which this option shall be exercised shall be paid in accordance with Section 6.3 of the Plan.
  - (d) Exercise in the Event of Termination of Directorship. If the Optionee’s service as a member of the Board is terminated for any reason, this option shall immediately vest in full and may be exercised until the earlier of one year after the date of such termination or the expiration of the stated term of this option.
  - (e) Transferability of Option. This option shall not be transferable other than in accordance with the terms of the Plan.
  - (f) Adjustments in Event of Change in Stock. In the event of any change in the Common Stock by reason of an event described in Section 8.2(a) of the Plan, the adjustments provided in Section 8.2(b) of the Plan shall be made. Any adjustment so made shall be final and binding upon the Optionee.
  - (g) Optionee Has No Rights as a Shareholder. The Optionee shall have no rights as a shareholder with

respect to any shares of Common Stock subject to this option prior to the date of issuance to the Optionee of such shares.

(h) Compliance with Law and Regulations. This option and the obligation of the Corporation to sell and deliver shares of Common Stock hereunder, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. The Corporation shall not be required to issue or deliver any certificates for shares of Common Stock prior to (i) the listing of such shares on any stock exchange on which the Common Stock may then be listed and (ii) the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulation of any government body which the Corporation shall, in its sole discretion, determine to be necessary or advisable.

4. Optionee Bound by Plan. Optionee is bound by all the terms and provisions of the Plan and the Plan's administrator's records. In the event of a conflict between this Award Document and the terms of the Plan or the records of the Plan's administrator, the terms of the Plan and records of the Plan's administrator shall control.

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**FANNIE MAE  
RESTRICTED STOCK AWARD  
FOR NONMANAGEMENT DIRECTORS  
Award Document**

This grant of Restricted Stock from Fannie Mae (the “Award”) is made to you as a Nonmanagement Director (the “Awardee”) effective as of the date of grant set forth in Exhibit A attached hereto.

1. Grant of Stock. Pursuant to the provisions of the Fannie Mae Stock Compensation Plan of 2003 (the “Plan”), Fannie Mae hereby grants to the Awardee, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth in this Award Document, restricted shares of Common Stock of Fannie Mae (the “Restricted Stock”) as set forth in Exhibit A, attached hereto.

2. Definitions. Unless provided otherwise herein, all defined terms are written with initial capital letters and shall have the meaning stated in the Plan.

3. Terms and Conditions. By accepting the Award, the Awardee agrees that the Award is subject to the following terms and conditions:

(a) Pre-Vesting Limitations. The Restricted Stock, the right to vote the Restricted Stock, and the right to receive dividends or other distributions with respect to the Restricted Stock may not, except in accordance with Plan provisions, be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise disposed of or encumbered, either voluntarily or involuntarily, until the restrictions have lapsed. Fannie Mae reserves the right to impose similar restrictions on any cash or property distributed with respect to any shares of Restricted Stock. Restrictions shall lapse in accordance with the vesting schedule set forth in Exhibit A or, if earlier, (i) upon the Awardee’s Total Disability, (ii) death, or (iii) if the Awardee was elected to the Board by the shareholders, not being renominated after reaching age 70, or at such earlier time and in such circumstances, if any, as may be determined under the Plan.

(b) Treatment of Restricted Stock Upon Termination of Awardee’s Membership on the Board. Unless otherwise provided by the Committee, all shares of Restricted Stock as to which the restrictions have not lapsed in accordance with the provisions hereof shall be immediately forfeited upon the termination of the Awardee’s membership on the Board. Forfeited shares of Restricted Stock shall be automatically transferred to Fannie Mae without payment of any consideration by Fannie Mae and without any required consent or other action by the Awardee, and all rights of Awardee with respect to such shares of Restricted Stock shall thereupon cease.

(c) Shareholder Rights. The Awardee shall be entitled to voting rights and the right to any dividends or other distributions with respect to the shares of Restricted Stock held by the Awardee, regardless of whether such shares are vested or unvested, provided that such rights shall terminate immediately as to any Restricted Stock that is forfeited.

(d) Award Confers No Rights with Respect to Reappointment or Renomination to Serve as a Member of the Board. This Award shall not confer upon the Awardee any right to be reappointed or renominated to serve as a member of the Board.

(e) Compliance with Law and Regulations. This Award and the obligation of Fannie Mae to release unencumbered shares hereunder shall be subject to applicable federal and state laws, rules and regulations, and to such approvals by any government or regulatory agency as may be required.

4. Awardee Bound by Plan and Administrator’s Records. Awardee is bound by all the terms and provisions of the Plan and the records of the Plan’s administrator (including any third-party recordkeeper). In the event of a conflict between the Award Document and the terms of the Plan or the records of the Plan’s administrator, the

terms of the Plan and records of the Plan's administrator shall control.

5. Legends. Prior to the lapse of the restrictions on the Restricted Stock, Fannie Mae or its designee shall hold the Restricted Stock in book entry or certificate form and any certificates shall contain the following legend:

“The shares of stock represented hereby are subject to the terms and conditions (including the risks of forfeiture and restrictions against transfer) contained in the Fannie Mae Stock Compensation Plan of 2003 and the Restricted Stock Award Document. Release from such terms and conditions shall be made only in accordance with the provisions of the Plan and this Award Document, a copy of each of which is on file in the office of the Department of Human Resources of Fannie Mae.”

EXHIBIT A

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**FANNIE MAE  
RESTRICTED STOCK AWARD  
FOR NONMANAGEMENT DIRECTORS  
Award Document**

This grant of Restricted Stock from Fannie Mae (the “Award”) is made to you as a Nonmanagement Director (the “Awardee”) effective as of the date of grant set forth in Exhibit A attached hereto.

1. Grant of Stock. Pursuant to the provisions of the Fannie Mae Stock Compensation Plan of 1993 (the “Plan”), Fannie Mae hereby grants to the Awardee, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth in this Award Document, restricted shares of Common Stock of Fannie Mae (the “Restricted Stock”) as set forth in Exhibit A, attached hereto.

2. Definitions. Unless provided otherwise herein, all defined terms are written with initial capital letters and shall have the meaning stated in the Plan.

3. Terms and Conditions. By accepting the Award, the Awardee agrees that the Award is subject to the following terms and conditions:

(a) Pre-Vesting Limitations. The Restricted Stock, the right to vote the Restricted Stock, and the right to receive dividends or other distributions with respect to the Restricted Stock may not, except in accordance with Plan provisions, be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise disposed of or encumbered, either voluntarily or involuntarily, until the restrictions have lapsed. Fannie Mae reserves the right to impose similar restrictions on any cash or property distributed with respect to any shares of Restricted Stock. Restrictions shall lapse in accordance with the vesting schedule set forth in Exhibit A or, if earlier, (i) upon the Awardee’s Total Disability, (ii) death, or (iii) if the Awardee was elected to the Board by the shareholders, not being renominated after reaching age 70, or at such earlier time and in such circumstances, if any, as may be determined under the Plan.

(b) Treatment of Restricted Stock Upon Termination of Awardee’s Membership on the Board. Unless otherwise provided by the Committee, all shares of Restricted Stock as to which the restrictions have not lapsed in accordance with the provisions hereof shall be immediately forfeited upon the termination of the Awardee’s membership on the Board. Forfeited shares of Restricted Stock shall be automatically transferred to Fannie Mae without payment of any consideration by Fannie Mae and without any required consent or other action by the Awardee, and all rights of Awardee with respect to such shares of Restricted Stock shall thereupon cease.

(c) Shareholder Rights. The Awardee shall be entitled to voting rights and the right to any dividends or other distributions with respect to the shares of Restricted Stock held by the Awardee, regardless of whether such shares are vested or unvested, provided that such rights shall terminate immediately as to any Restricted Stock that is forfeited.

(d) Award Confers No Rights with Respect to Reappointment or Renomination to Serve as a Member of the Board. This Award shall not confer upon the Awardee any right to be reappointed or renominated to serve as a member of the Board.

(e) Compliance with Law and Regulations. This Award and the obligation of Fannie Mae to release unencumbered shares hereunder shall be subject to applicable federal and state laws, rules and regulations, and to such approvals by any government or regulatory agency as may be required.

4. Awardee Bound by Plan and Administrator’s Records. Awardee is bound by all the terms and provisions of the Plan and the records of the Plan’s administrator (including any third-party recordkeeper). In the event of a conflict between the Award Document and the terms of the Plan or the records of the Plan’s administrator, the

terms of the Plan and records of the Plan's administrator shall control.

5. Legends. Prior to the lapse of the restrictions on the Restricted Stock, Fannie Mae or its designee shall hold the Restricted Stock in book entry or certificate form and any certificates shall contain the following legend:

“The shares of stock represented hereby are subject to the terms and conditions (including the risks of forfeiture and restrictions against transfer) contained in the Fannie Mae Stock Compensation Plan of 1993 and the Restricted Stock Award Document. Release from such terms and conditions shall be made only in accordance with the provisions of the Plan and this Award Document, a copy of each of which is on file in the office of the Department of Human Resources of Fannie Mae.”

EXHIBIT A