

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
FANNIE MAE**

November 18, 2011
8:30 a.m. to 12:30 p.m.

The Board of Directors (the "Board") of Fannie Mae (the "Company") met at the Company's headquarters in Washington, DC on November 18, 2011.

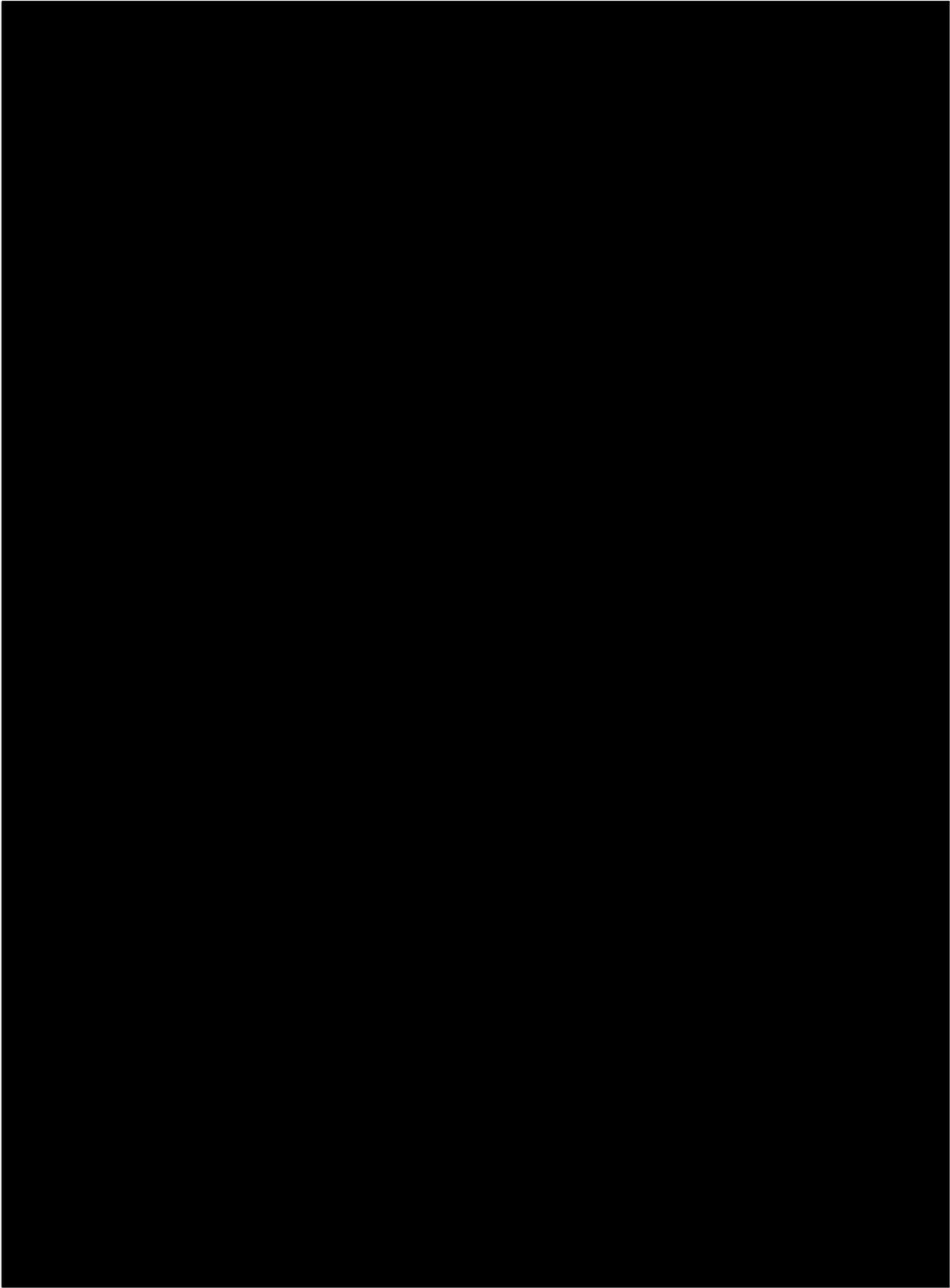
The following members of the Board were present: Dennis Beresford, Tom Forrester, Brenda Gaines, Charlynn Goins, Bart Harvey, Robert Herz, Phil Laskawy (Chair), Egbert Perry, Jonathan Plutzik, David Sidwell, and Michael Williams.

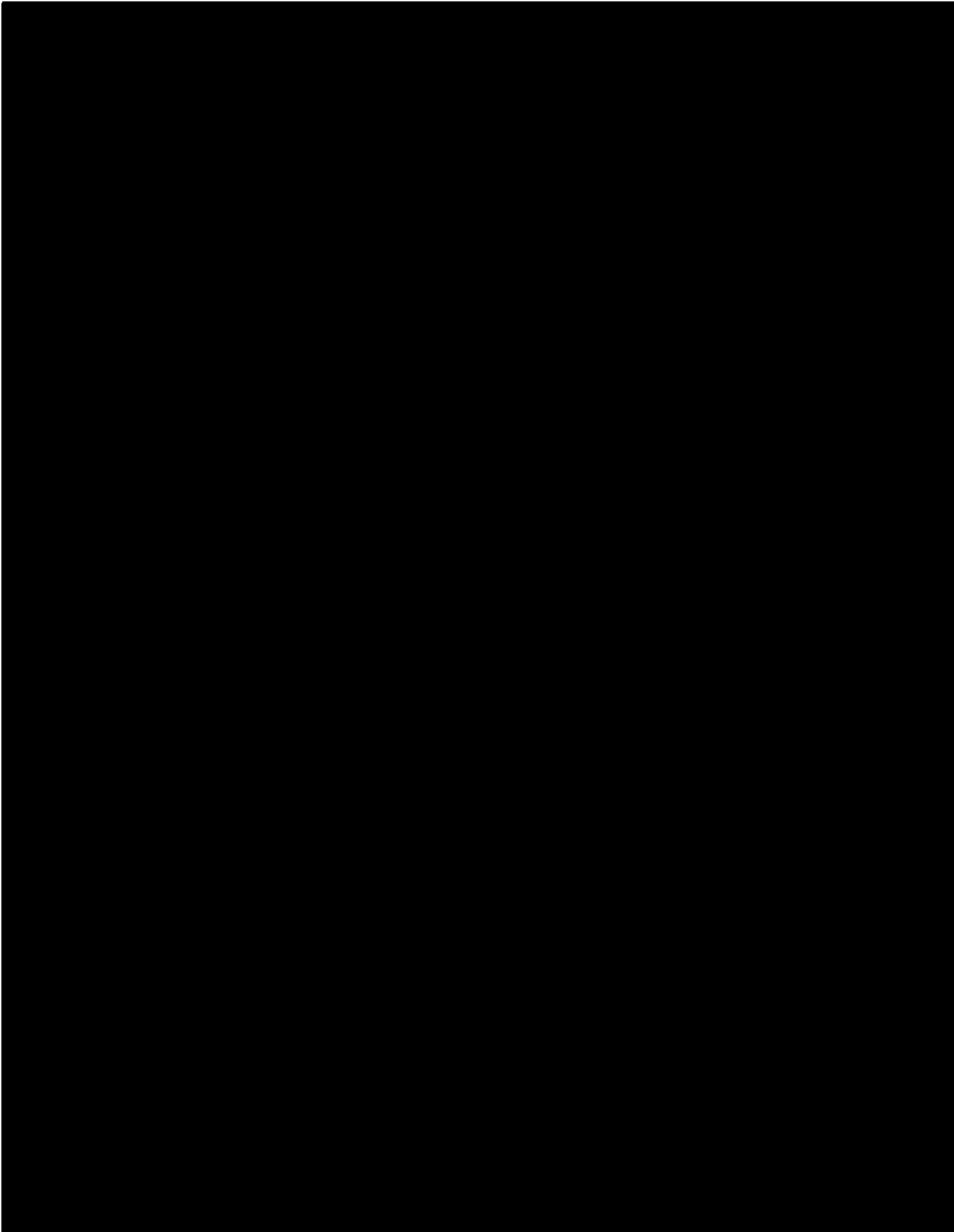
Present from the Company for the entire meeting except for portions of executive session was Timothy Mayopoulos. Jeff Spohn of the Federal Housing Finance Agency ("FHFA") was present for the meeting and the Executive Session with the Conservator. Present for all but the Executive Sessions were Judith Dunn, Christine Reddy, and Kyle Johnson. Present for the Management Report portion of the meeting were Ken Bacon, David Benson, Patricia Black, Andrew BonSalle, Doug Duncan, Terry Edwards, Nancy Jardini, Linda Knight, Susan McFarland, Brian McQuaid, John Nichols, Zach Oppenheimer, Kelli Parsons, and Mike Shaw. Present for the Single-Family Risk Oversight portion of the meeting was Deborah Tretler and Marianne Sullivan.

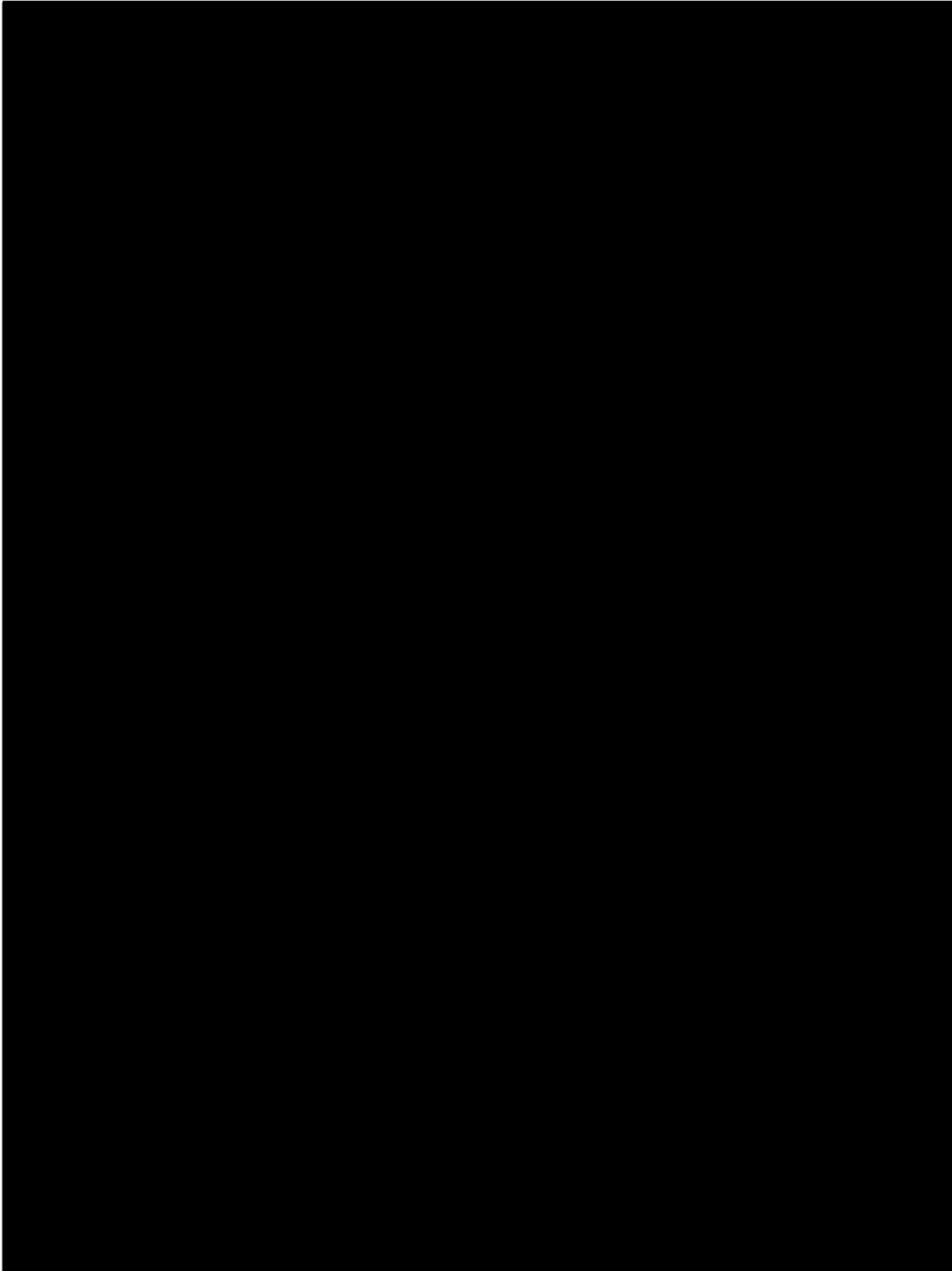
Chair Laskawy called the meeting to order at 8:30 a.m.

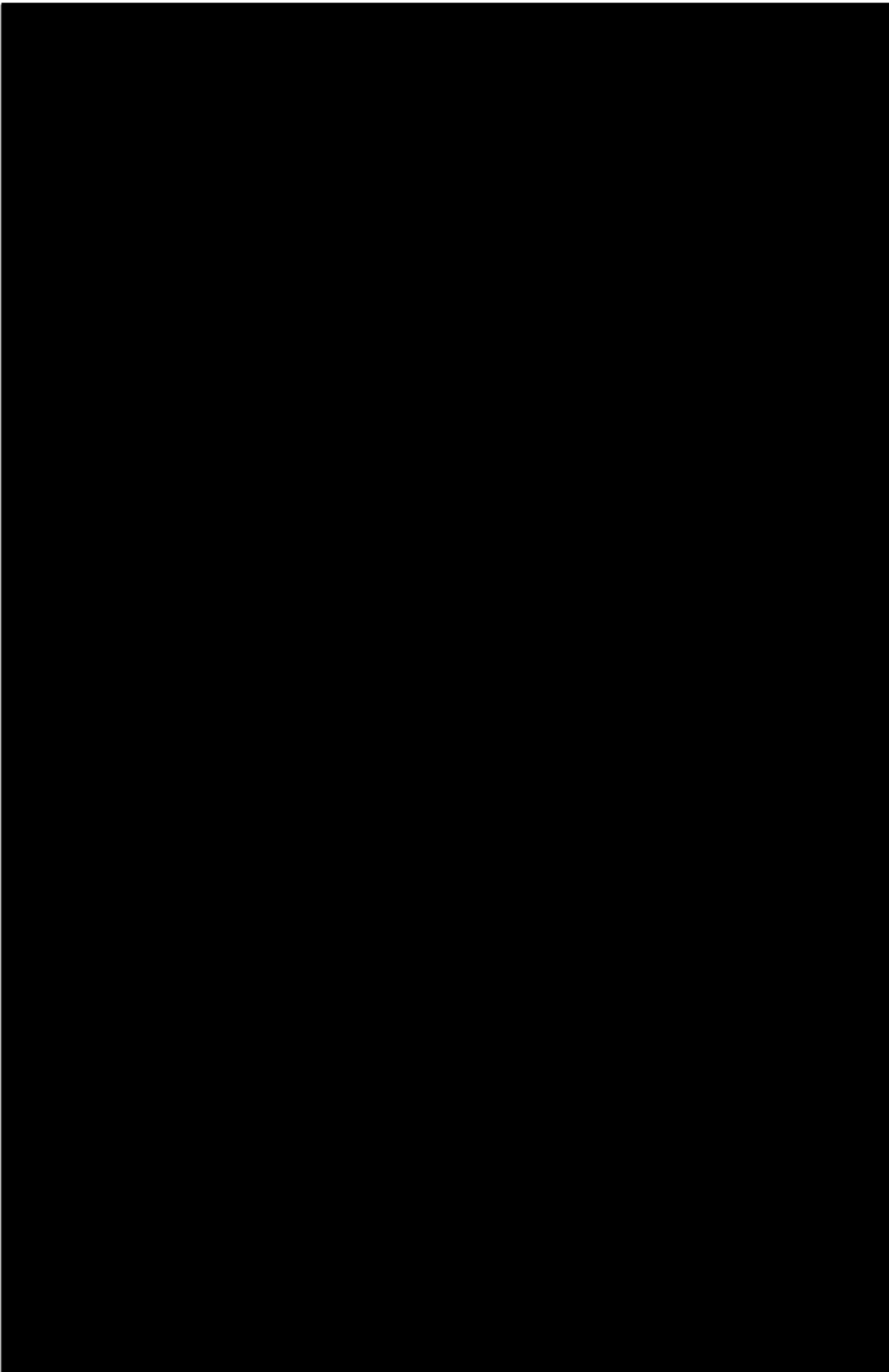
Executive Session with Conservator

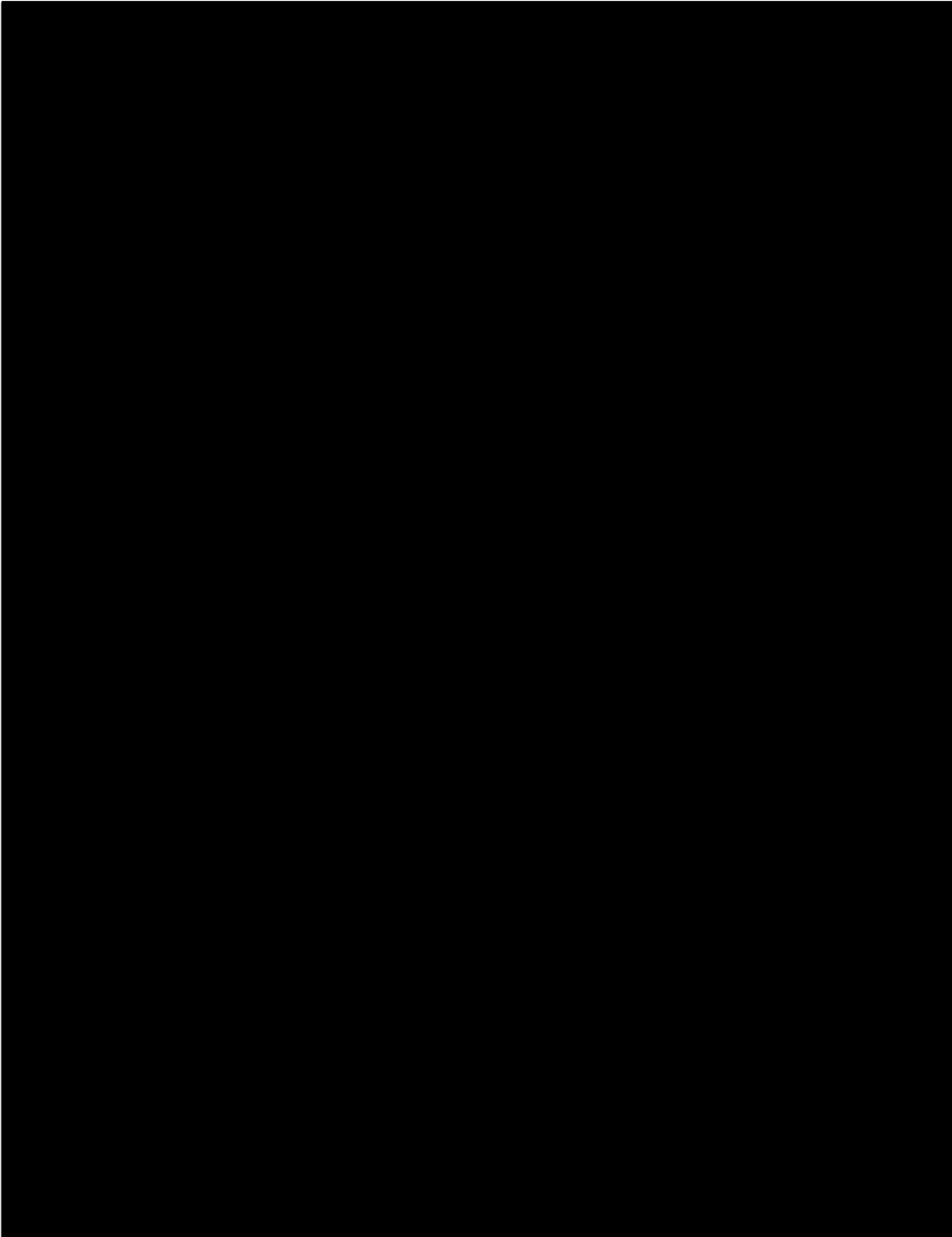
The Board members, including Mr. Williams, Mr. Mayopoulos, and Ms. Jardini met in executive session with Acting Director DeMarco and Mr. Spohn of FHFA.

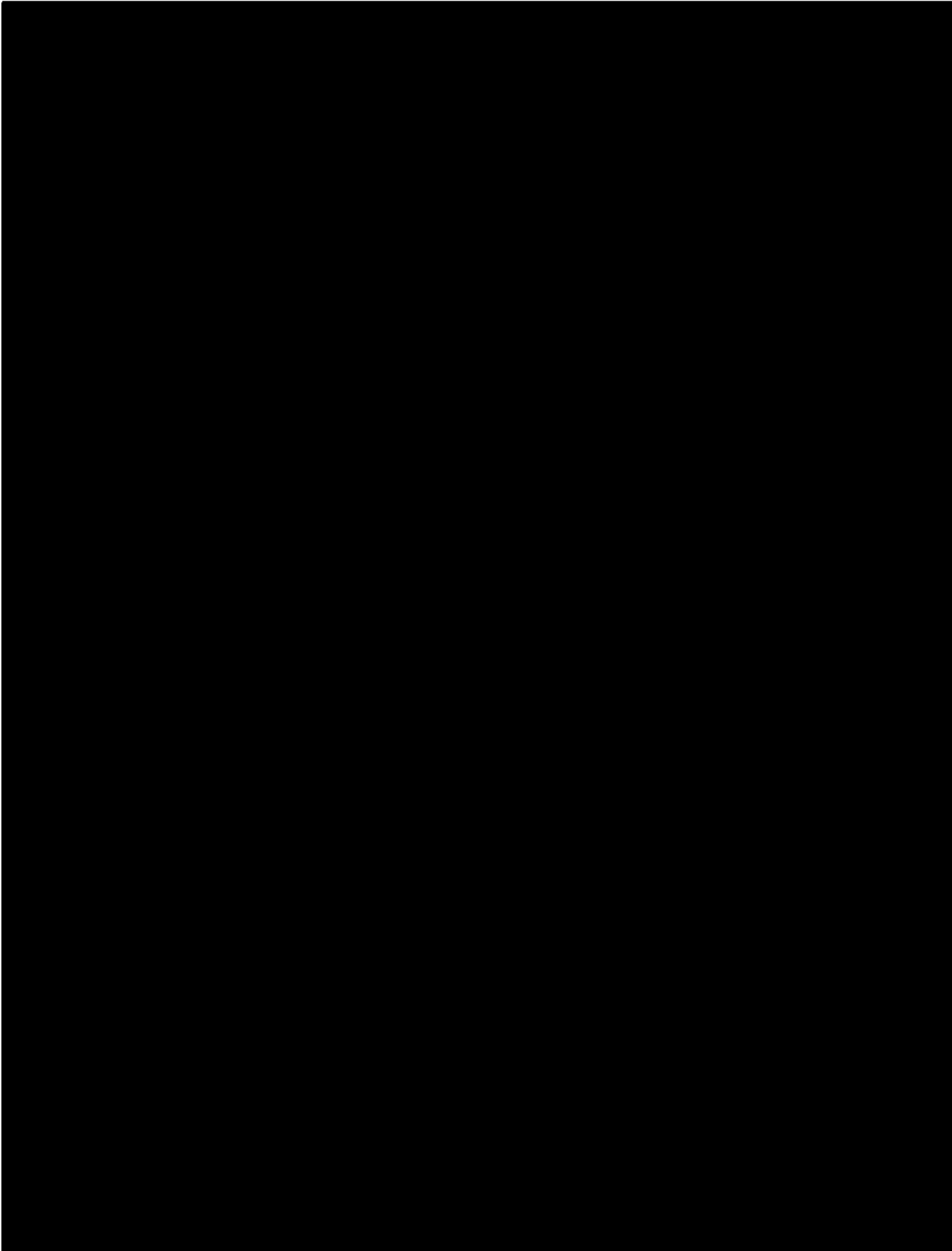


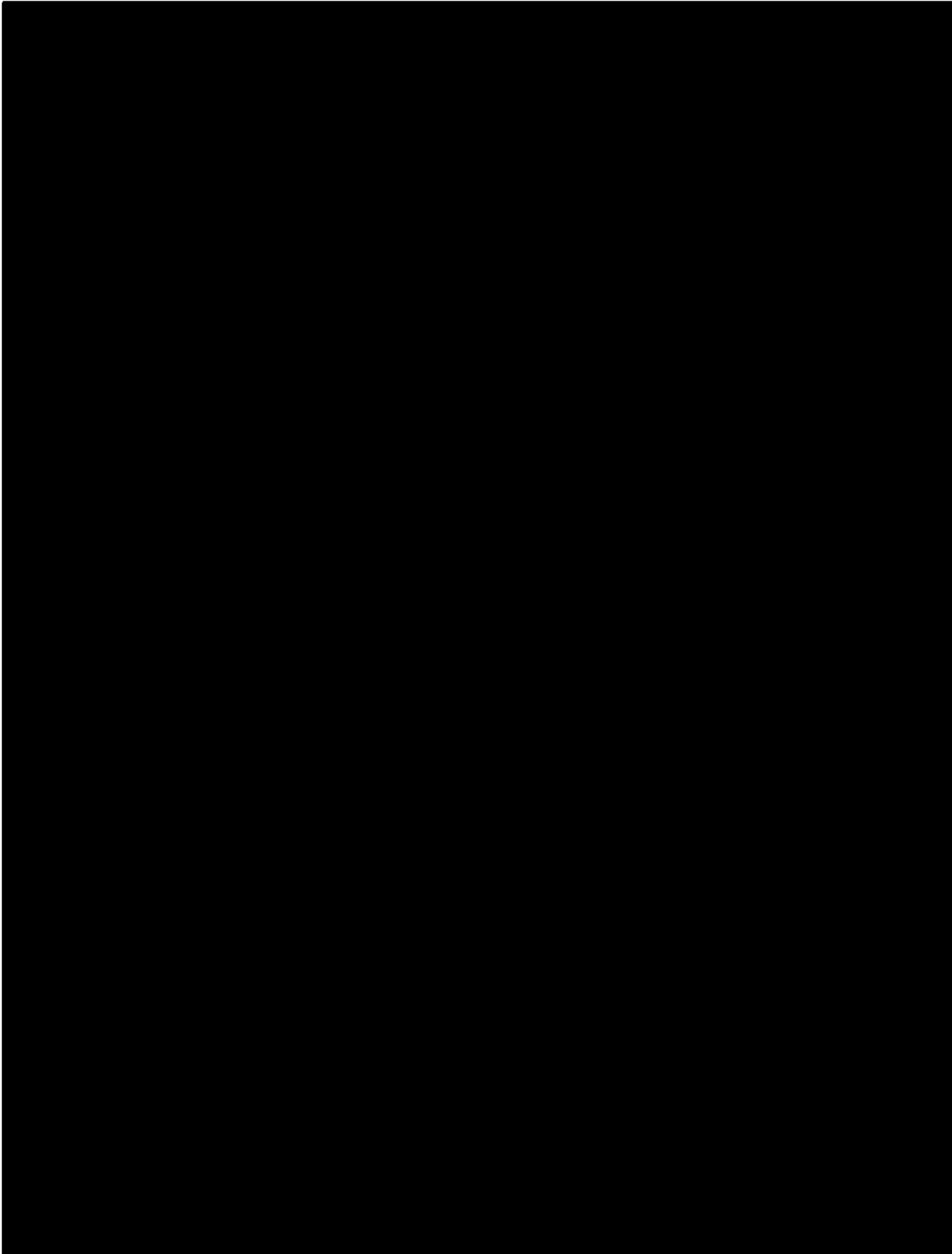


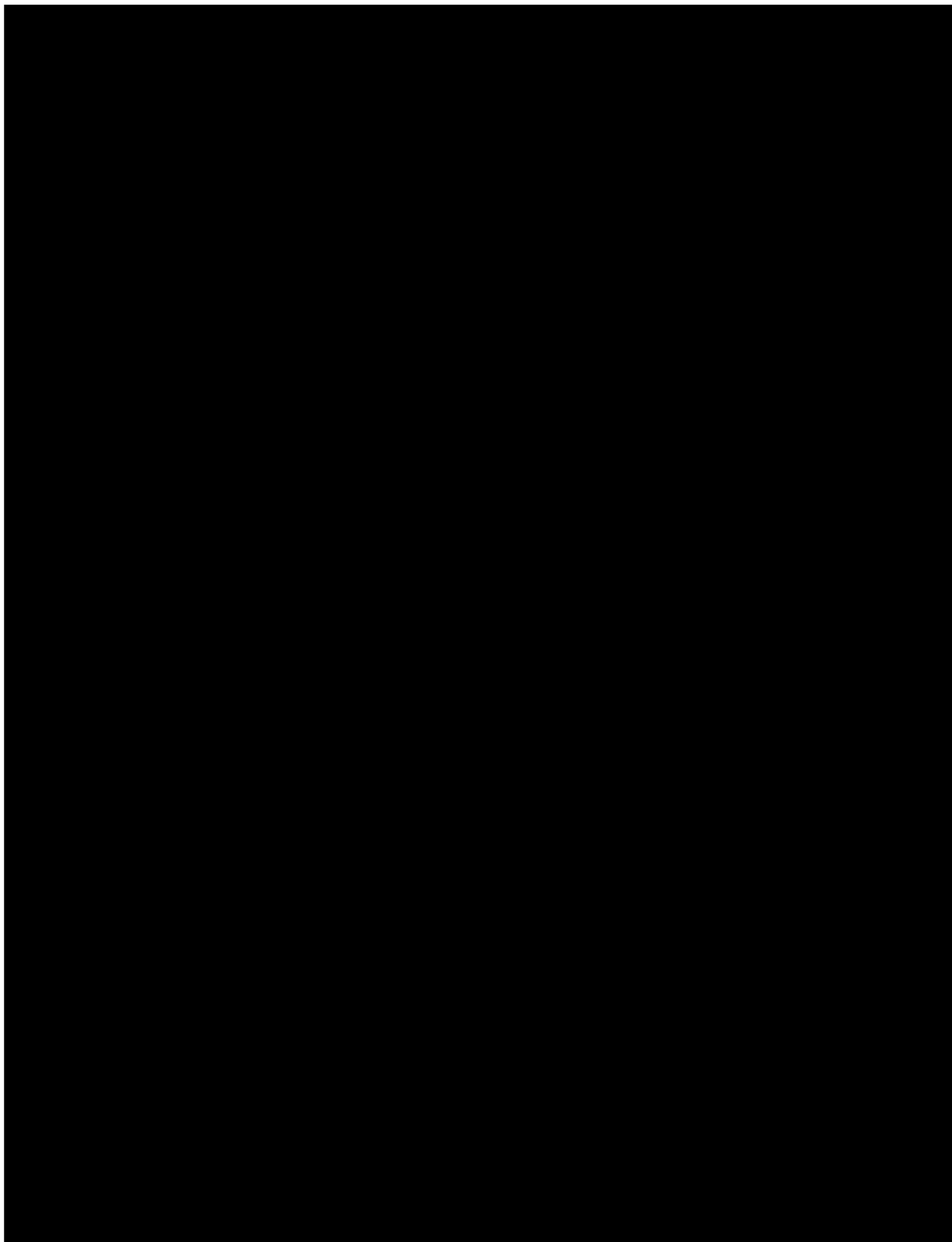


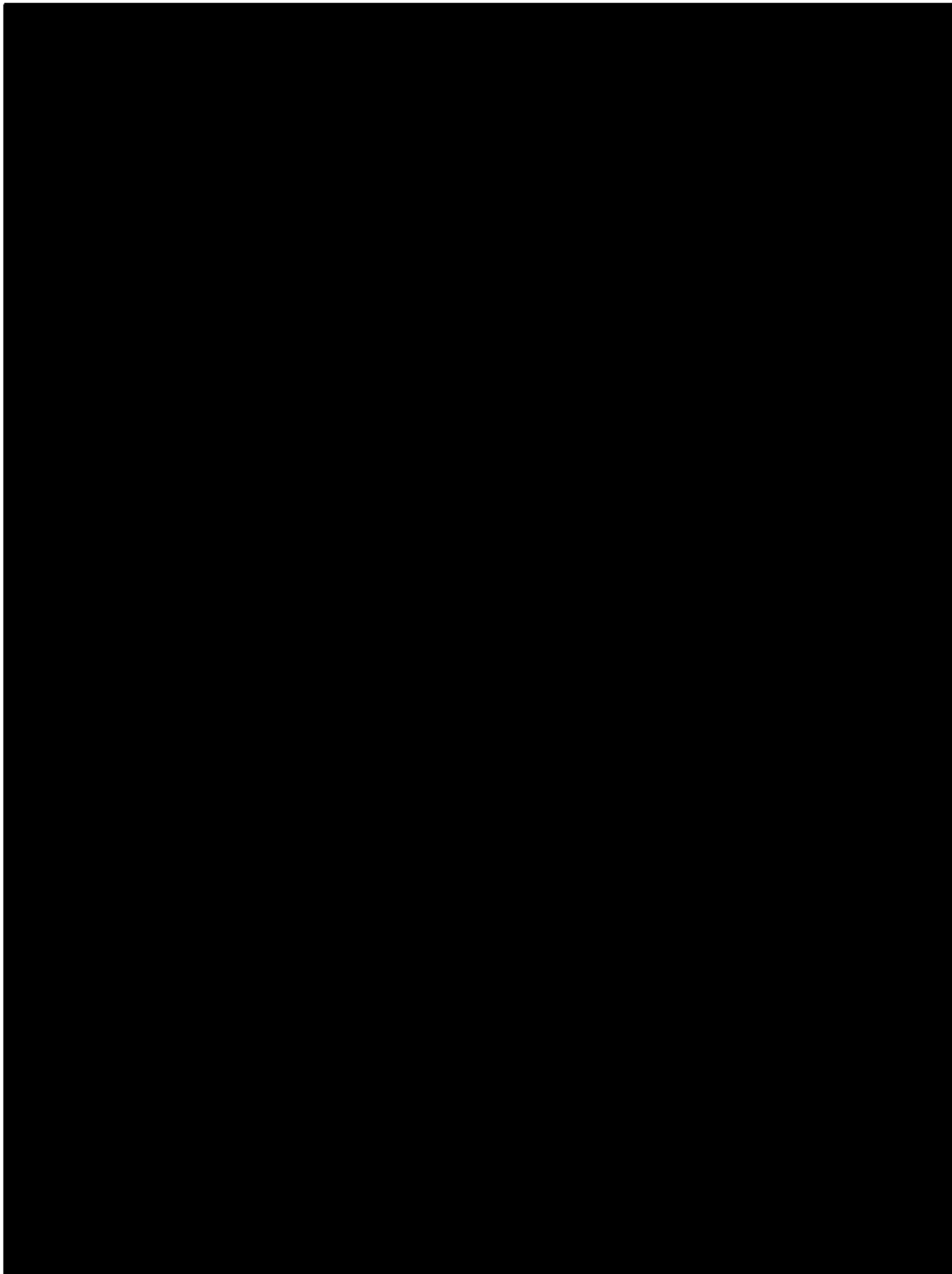


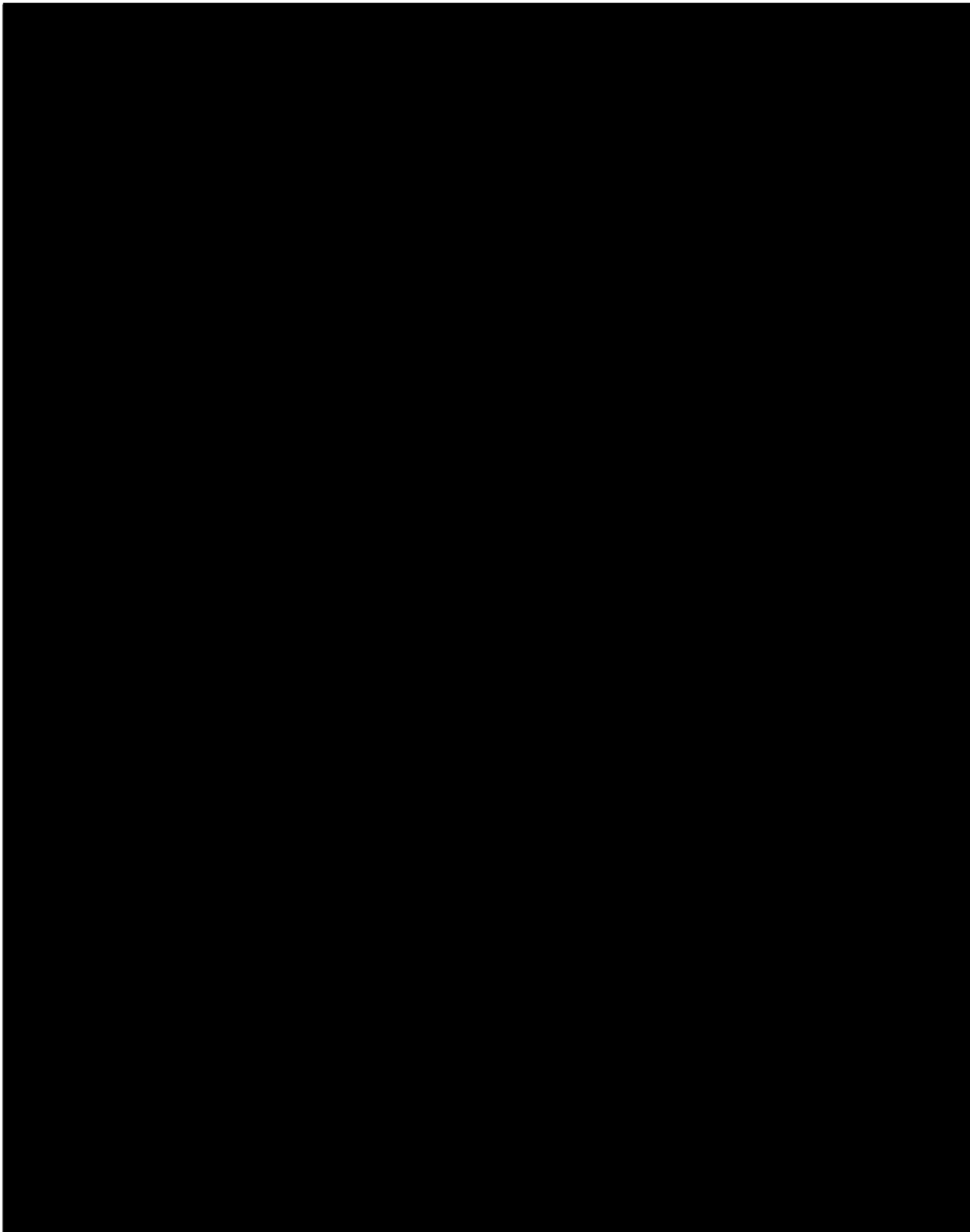














Management Report

Members of management joined the Board meeting.

Financial Update

EVP and Chief Financial Officer McFarland provided an update on the financial results. The net loss for the third quarter was \$5.1 billion, compared to a net loss in the second quarter of \$2.9 billion. The difference was mainly attributable to increases in fair value losses on derivatives, the impact of this difference was offset in part by reduced credit expenses quarter-over-quarter from lower interest rates. Additionally, there was less degradation in the third quarter to home prices.

As shown on slide six of the Financial Update materials, the year-end results for 2011 are forecast to be favorable to Plan, with net revenues \$2.3 billion higher than

Plan, and credit-related expenses \$3.9 billion lower than Plan. Fair value losses however, are worse than Plan by a net of \$2.5 billion due to interest rates. The actual, final year-end results for 2011 will be dependent on the success of loss mitigation strategies and on market volatility. The Company may achieve profitability in 2012 due to improvements in revenue and decreased credit-related expenses. The Board discussed the loan loss allowance reserves and the methodology and timing of the process used to determine when to release reserves (shown on p. 18). The Board discussed longer term forecasting and key sensitivities, as well as the ability to utilize net operating losses for tax purposes. The Board discussed various scenarios, including "steady state" and impacts of these scenarios on longer term forecast results.

CFO McFarland directed the Board to page 14 of the financial update materials, which identifies the composition, profile, and transactional revenues of the capital markets portfolio. The year-to-date transactional revenue has exceeded Plan. For the Multifamily line of business, shown on page 13, the acquisition volume is more than 25% ahead of year-to-date Plan.

CFO McFarland provided a brief update on the corporate performance against goals and highlighted those areas where the corporate performance is off-track. Meeting housing goals, closing all pre-2011 Matters Requiring Attention, and resolution of SOX significant deficiencies within agreed upon timeframes are all off-track. Additionally, achieving the 2011 milestones of the Operating Plan within budget and scope is off-track.

The Board discussed the forecast development slide in the appendix of the financial update and requested that additional clarity regarding the changes to

significant drivers be provided. CFO McFarland indicated that she would provide that additional clarification beginning in the January Board materials, and that she looked forward to continuous improvement of the reporting based on Board member feedback.

Preliminary 2012 Budget

CFO McFarland directed the Board to the preliminary 2012 administrative budget. The 2012 budget will likely reflect either a modest decrease or be flat to the 2011 administrative budget. In developing the proposed 2012 budget, several key considerations were balanced: 1) investing for the future; 2) attending to control and risk needs; and 3) sensitivity to efficiency and competitive pressures. The budget framework contemplates a strategic approach to reduce year-over-year spending. The Board discussed the importance of capacity, prioritization, and focus in successful investment spend.

