

FEDERAL NATIONAL MORTGAGE ASSOCIATION FANNIE MAE  
 Form 4  
 October 19, 2006

**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 \*  
 LEVIN ROBERT J

(Last) (First) (Middle)

3900 WISCONSIN AVENUE, N.W.  
 (Street)

WASHINGTON, DC 20016

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 FEDERAL NATIONAL MORTGAGE ASSOCIATION FANNIE MAE [FNM]

3. Date of Earliest Transaction (Month/Day/Year)  
 10/17/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 \_\_\_X\_\_\_ Officer (give title below) \_\_\_ Other (specify below)  
 EVP and Chief Business Officer

6. Individual or Joint/Group Filing(Check Applicable Line)  
 \_\_\_X\_\_\_ Form filed by One Reporting Person  
 \_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction 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. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	10/17/2006		M	30,680 (1) A \$ 39.44	386,140	D	
Common Stock	10/17/2006		F	25,240 (2) D \$ 57.91	360,900 (3) (4) (5)	D	

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

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or 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)		
				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	30,680	11/19/1997	11/19/2006	Common Stock	30,680

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEVIN ROBERT J 3900 WISCONSIN AVENUE, N.W. WASHINGTON, DC 20016			EVP and Chief Business Officer	

## Signatures

/s/ Robert J. Levin  
10/19/2006

\_\_Signature of Reporting Person                      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) These shares were received upon the exercise of employee stock options due to expire in November 2006.
  - (2) These shares were withheld by Fannie Mae for payment of the exercise price and tax liability upon the reporting person's stock option exercise.  
  
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 annual installments that January. (Footnote 3 is continued in 4 below.)
  - (4) For the three-year performance cycle completed in 2003, the reporting person was determined in January 2004 to be entitled to receive 29,085 shares, of which the reporting person received 14,542 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, 14,543 shares scheduled to be issued to the reporting person in January 2005 have not yet been issued.

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These shares are included in the reporting person's total holdings above.

- (5) The reporting person no longer has a reportable beneficial ownership interest in 24 shares of the Issuer's common stock owned by his son and included in the reporting person's prior ownership reports.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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