

FEDERAL NATIONAL MORTGAGE ASSOCIATION FANNIE MAE
 Form 3
 March 10, 2006

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 * Knight Linda (Last) (First) (Middle) 3900 WISCONSIN AVENUE, NW (Street) WASHINGTON, DC 20016 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 03/01/2006	3. Issuer Name and Ticker or Trading Symbol FEDERAL NATIONAL MORTGAGE ASSOCIATION FANNIE MAE [FNM]	4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below) EVP - Capital Markets	5. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	22,897.191 ⁽¹⁾ ⁽²⁾	D	By Son
Common Stock	12	I	By Son
Common Stock	1,143.364	I	By ESOP

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

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

1. Title of Derivative Security	2. Date Exercisable and Expiration Date	3. Title and Amount of Securities Underlying	4. Conversion	5. Ownership	6. Nature of Indirect Beneficial
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(Instr. 4)	(Month/Day/Year)		Derivative Security (Instr. 4)		or Exercise Price of Derivative Security	Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Employee Stock Option (right to buy)	11/17/1999 ⁽³⁾	11/17/2008	Common Stock	13,950	\$ 69.3125	D	Â
Employee Stock Option (right to buy)	11/16/2000 ⁽³⁾	11/16/2009	Common Stock	14,130	\$ 71.5	D	Â
Employee Stock Option (right to buy)	01/18/2000	01/18/2010	Common Stock	14,437	\$ 62.5	D	Â
Employee Stock Option (right to buy)	11/21/2001 ⁽³⁾	11/21/2010	Common Stock	12,120	\$ 77.095	D	Â
Employee Stock Option (right to buy)	11/20/2002 ⁽³⁾	11/20/2011	Common Stock	13,150	\$ 80.95	D	Â
Employee Stock Option (right to buy)	01/21/2004 ⁽³⁾	01/21/2013	Common Stock	29,194	\$ 69.43	D	Â
Employee Stock Option (right to buy)	01/23/2005 ⁽³⁾	01/23/2014	Common Stock	32,884	\$ 78.315	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Knight Linda 3900 WISCONSIN AVENUE, NW WASHINGTON, DC 20016	Â	Â	Â EVP - Capital Markets	Â

Signatures

/s/ Linda Knight 03/10/2006

**Signature of Date
Reporting Person

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 5(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).

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

- (1) 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 1 is continued in 2 below.)
- (2) For the three-year performance cycle completed in 2003, the reporting person was determined in January 2004 to be entitled to receive 8,595 shares, of which the reporting person received 4,297 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, 4,298 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.

- (3) The options vest in four equal annual installments beginning on the date shown.

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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