To: All Fedwire Securities Service Participants

Subject: Expansion of Book-Entry Services for Fannie Mae

Fannie Mae will begin issuing a new debt security on the Fedwire® Securities system in the near future. These securities will be related to defeasance and have an amortizing provision.

In this connection, the Federal Reserve Banks have been named fiscal agent with respect to these securities. The new securities will be processed by the Fedwire Securities Service. Transfers of these obligations will be governed by the same procedures and fees applicable to transfers of other book-entry securities. These securities are transferable nationwide upon issuance.

A. CUSIP Number/Security Description

Each security will be assigned a unique nine-character CUSIP number. Listed below are examples of the security descriptions:

Fixed rate: 4.50 FNAD AAA MM/YY

B. Denominations

The minimum and multiple denominations will be announced with each new issue.

C. Original Issues

On the original issue settlement date, Fannie Mae will transmit the securities through the securities transfer system to depository institutions (DIs). The original issue will be effected by sending a Type Code 2500 (Reversal Code 2502) which will transfer the securities against payment, if applicable, to the purchaser’s account from the Fannie Mae issuer account.

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D. Secondary Market Transactions

Transfers will be at par amount and effected using the standard Type Code 2000 message (Reversal Code 2002).

E. Principal and Interest Payments

The principal and interest payments for these securities will be automated. The principal and interest payment will be made via a Type Code 8906 wire. The maturing securities will be withdrawn electronically on the payment date via a Type Code 8900.

Questions regarding this announcement should be directed to the Federal Reserve Bank of New York at (201) 531-3341.