EXHIBIT 1
Step-Up Notes

WHAT ARE STEP-UP NOTES?
Step-up notes are callable debt securities with interest rates that increase over time. If the notes are not called by the issuer, their coupons increase according to a predefined schedule.

WHEN SHOULD YOU CONSIDER STEP-UP NOTES?
If you want to obtain potentially higher current income as well as position your fixed-income portfolio for rising interest rates, consider step-up notes.

WHAT ARE THE BENEFITS OF STEP-UP NOTES?
Increase potential income
- Step-up notes initially pay a fixed coupon for a certain period of time, typically until the first call date. If the issuer chooses not to redeem the notes, then the coupons rise to a predetermined rate. Depending upon the issue, the coupons may increase once or continue to rise according to a particular schedule until the notes mature or are called.
- They are usually callable anytime after the first call date. If the notes are not called, investors will receive par at maturity.
- In a declining interest-rate environment, there’s a greater likelihood that the issuer will call the securities versus comparable fixed-rate callable securities.

Reduce interest-rate risk
Although step-up notes are sensitive to interest rate changes (i.e., their market price tends to decline when rates rise), they offer some protection against rising rates because, unlike fixed-rate bonds, step-up note coupons will increase over time. When rates rise, so does the likelihood that the issuer will not call the notes and the investor will receive the higher coupon.

Diversify your fixed-income portfolio
- Step-up notes offer you a way to diversify your fixed-income portfolio beyond conventional fixed-rate bonds.
- While the largest issuers of step-up notes are government agencies such as Fannie Mae, Freddie Mac and the Federal Home Loan Banks, some corporations issue step-up notes as well.

- You can balance a portfolio that's heavily weighted in fixed coupon notes with notes that will pay higher coupons over time, unless called by the issuer.
- You have a choice of issues with varying coupons, maturities and credit quality.

Make a small minimum investment
- To participate in the step-up note market, start with a low minimum investment of just $1,000 per issue.
- Step-up notes are issued at par.

Hypothetical example of a step-up note
Corporation XYZ issues a step-up note with the following features:
- Maturity date: August 1, 2023
- Interest frequency: Semiannually
- Initial call date: August 1, 2010
- Subsequent call dates: First day of each February, May, August and November
- Initial interest rate: 4.25%
- Subsequent interest rates:
  - Date from and including: Interest rate
    - August 1, 2008: 4.25% (unless called)
    - February 1, 2012: 5.25% (unless called)
    - February 1, 2015: 6.25% (unless called)
    - February 1, 2018: 7.25% (unless called)
    - February 1, 2021: 8.25% (unless called)
WHAT ELSE SHOULD YOU KNOW ABOUT STEP-UP NOTES?

- Payment on step-up notes is subject to the securities issuer's credit risk.
- Step-up notes are not listed on an exchange. Since they have limited liquidity, they are most suitable for purchasing and holding to maturity. If sold prior to maturity, the price at which they are sold in the secondary market may be higher or lower than the original purchase price due to market conditions and other factors.
- The timing of the principal payment of step-up notes is uncertain due to the call feature. In general, step-up notes will be called prior to maturity unless interest rates rise significantly.

HOW CAN YOU GET STARTED?

If you want to position your fixed-income portfolio for rising interest rates with securities that potentially offer increasing amounts of income, ask your Merrill Lynch Financial Advisor how step-up notes can help you achieve the life you want. Your Financial Advisor, who is committed to understanding your specific needs, can help you develop customized strategies that fit your goals, risk tolerance, investing style and time horizon. To learn more about Total Merrill and other Merrill Lynch services, visit www.totalmerrill.ml.com.

Example is for illustrative purposes only.

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<table>
<thead>
<tr>
<th>Are Not FDIC Insured</th>
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<th>May Lose Value</th>
</tr>
</thead>
</table>

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CONFIDENTIAL TREATMENT REQUESTED
What are step-up notes?
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What are the benefits of step-up notes?

Increase potential income
- Step-up notes initially pay a fixed coupon for a certain period of time, typically until the first call date. If the issuer chooses not to redeem the notes, then the coupons rise to a predetermined rate. Depending upon the issue, the coupons may increase once or continue to rise according to a particular schedule until the notes mature or are called.
- Although step-up notes are generally subject to a call anytime after the first call date, the date of the call may vary. If the notes are not called, investors will receive par at maturity.
- In a declining interest-rate environment, there's a greater likelihood that the issuer will call the securities versus comparable fixed-rate callable securities.

Reduce interest-rate risk
Although step-up notes are sensitive to interest rate changes (i.e., their market price tends to decline when rates rise), they offer some protection against rising rates because, unlike fixed-rate bonds, step-up note coupons will increase over time. When rates rise, so does the likelihood that the issuer will not call the notes and the investor will receive the higher coupon.

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While the largest issuers of step-up notes are government agencies such as Fannie Mae, Freddie Mac and the Federal Home Loan Bank, some corporations issue step-up notes as well.
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Make a small minimum investment
- To participate in the step-up note market, start with a low minimum investment of just $1,000 per issue.
- Step-up notes typically are issued at par.

Hypothetical example of a step-up note
Corporation XYZ issues a step-up note with the following features:
- Maturity date: February 25, 2025
- Interest frequency: Semiannually
- Initial call date: February 25, 2013
- Initial interest rate: 5.25%
- Subsequent interest rates:
  - Date from and including: February 25, 2013
  - Interest rate: 5.25% (unless called)
  - Date from and including: February 25, 2016
  - Interest rate: 5.50% (unless called)
  - Date from and including: February 25, 2019
  - Interest rate: 5.75% (unless called)
  - Date from and including: February 25, 2022
  - Interest rate: 6.24% (unless called)
  - Date from and including: February 25, 2025
  - Interest rate: 6.88% (unless called)
What else should you know about step-up notes?

- Payment on step-up notes is subject to the securities issuer's credit risk.
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How can you get started?

If you want to position your fixed-income portfolio for rising interest rates with securities that potentially offer increasing amounts of income, ask your Merrill Lynch Financial Advisor how step-up notes can help you pursue the life you've always envisioned. Your Financial Advisor, who is committed to understanding your specific needs, can help you develop customized strategies that fit your goals, risk tolerance, investing style and time horizon. To learn more about other Merrill Lynch services, visit www.totalmerrill.ml.com.

* Example is for illustrative purposes only.
Federal Agency Step-Up Notes

The recent rise in interest rates has left many fixed income investors unsure of whether to invest now or wait to see if rates climb higher. Others have been searching for higher-yielding investment alternatives to Treasury securities, but are reluctant to take on added credit risk. An investment option that may provide both the safety of government securities and a potential yield advantage over Treasury securities, as well as some upside protection if interest rates continue to rise, is federal agency step-up notes. While not secured by the full faith and credit of the U.S. government, federal agency step-up notes are backed by the implicit support of the federal government as demonstrated by their authorizing legislation, essential purpose and/or ability to borrow from the U.S. Treasury.

WHAT ARE STEP-UP NOTES?

Step-up notes are callable fixed income notes with a coupon that increases or "steps up" periodically if the notes are not called. They may be redeemed at the issuer's option on specified dates, typically beginning three months after note issuance. In return for this "redemption risk" and the flexibility the call feature gives the issuer, step-up notes generally carry higher yields than comparable non-callable bonds. Because of the call feature, however, potential purchasers of step-up notes should evaluate the impact upon their investment portfolio if the notes remain outstanding either to their maturity date or to an earlier call date, and how the notes might perform under various market conditions.

For example, a recent 5-year federal agency step-up note issue was sold with an initial coupon of 3.00%. After one year if the notes are not called, the coupon will "step up" to 3.52%. However, even if the notes are called at that time, the investor will still have earned an attractive return over a 1-year Treasury, which was yielding approximately 1.30% at the time the federal agency step-up notes were issued. As this example illustrates, federal agency step-up notes generally outperform other fixed-rate short-term investments with maturities matching the step-up's call dates.

If, on the other hand, the step-up notes are compared to other investments with similar maturities, the step-up notes may or may not outperform the alternatives depending upon whether or not they are redeemed prior to maturity. For example, if the federal agency step-up notes in the example above are not redeemed prior to

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maturity, the coupons would continue to step-up annually and provide a return of 4.33% by maturity. In comparison, at the time the step-up notes were issued, an investor could have alternatively purchased a 5-year Treasury yielding 3.29% or a 5-year non-callable fixed-rate federal agency yielding approximately 3.65%. Generally, if federal agency step-up notes are not redeemed prior to maturity, they tend to outperform other investments with similar maturities. If, however, the step-up notes are called prior to maturity, they tend to under-perform the alternative investments because their yields are lower in the earlier years than the yields on the longer-term securities.

THE IMPACT OF MARKET INTEREST RATES

There are many factors that influence an issuer’s decision to redeem step-up notes, but the most important is the level and direction of interest rates. Generally, issuers tend not to redeem outstanding step-up notes when rates are stable or rising, and tend to redeem them when rates are declining.

When interest rates remain stable, issuers would likely only redeem step-up notes if the next coupon “step” is substantially above then-current market rates, and only if the costs of redeeming the outstanding notes and issuing new notes were cost-effective. As mentioned above, even if the step-up notes were redeemed at that point, the investor would likely have already gained a yield advantage over short-term alternative investments. If interest rates increase, the step-up notes most likely would not be called because the rate paid on the notes would probably be lower than current market rates. Note, however, that the increasing coupon rates afford the investor some upside protection if the notes are not called. Lastly, if rates fall, the issuer would most likely call the notes as new notes could now be issued at a lower interest rate. In this scenario, the investor would be left with incurring the proceeds in lower-yielding securities. Even if the notes are not called, price appreciation on the notes may be limited to the call price due to the possibility of early redemption. As with the stable interest rate environment scenario above, however, at that point the investor would have likely already gained a yield advantage over what could have been earned by alternatively buying short-term Treasuries.

ADVANTAGES OF FEDERAL AGENCY STEP-UP NOTES

- **Attractive Yield** – Federal agency step-up notes typically have higher yields than comparable non-callable securities.
- **Increasing Coupons** – The coupons on step-up notes increases periodically throughout the life of the issue if it is not called, increasing the amount of interest income received.
- **High Quality** – Federal agency step-up notes are issued by government-sponsored enterprises. While not secured or guaranteed by the U.S. government, federal agency step-up notes carry the implicit support of the U.S. government.
- **Liquidity** – Federal agency step-up notes enjoy a relatively active secondary market, enhancing liquidity. However, step-up notes tend to have a larger bid-asked spread than fixed-rate federal agencies, meaning that investors may receive a lower sales price with step-ups than with fixed-rate federal agencies.
- **Tax Advantage** – Interest income on some federal agency step-up notes is exempt from state and local taxation. Like Treasury securities, federal agency securities are subject to federal income taxation, and may be subject to state and federal capital gains and gift or inheritance taxation.

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• Flexibility – Federal agency step-up notes are available in a range of maturities ranging from three years to 15 years.

POTENTIAL RISKS ASSOCIATED WITH FEDERAL AGENCY STEP-UP NOTES

• Uncertain Timing of Principal Repayment – Since step-up notes contain a feature enabling the issuer to redeem the notes at specified times, the timing of principal repayment is uncertain.

• Reinvestment Risk – Related to the uncertain timing of principal repayment, investors may be faced with lower yielding reinvestment opportunities if the step-up notes are redeemed in a declining interest rate environment.

• Market Risk – Any guarantee by the U.S. Government, its agencies or instrumentalities applies only to the payment of principal and interest on the guaranteed security and does not guarantee the yield or value of the security. Investors wishing to sell their step-up notes prior to maturity or redemption are not guaranteed a sale price equal to par. The sale price may be above or below par depending upon market conditions.

• Larger Bid-Asked Spread – Federal agency step-up notes tend to have a larger bid-asked spread than fixed-rate federal agency securities. Thus, investors wishing to sell their step-up notes in the secondary market prior to maturity or redemption may receive a lower sales price vis-à-vis regular federal agency securities.

• Reduced Price Appreciation – Because they typically can be called at any time after the initial call date, step-up notes will have reduced price appreciation in comparison with non-callable notes if interest rates decline.

• Potential for Below-Market Rates – If interest rates increase, the issuers of step-up notes are unlikely to redeem the notes and investors may receive a return below the then-prevailing market rates, although the coupon step-up feature provides some upside protection.

• Federal Taxation – Federal agency step-up notes are subject to federal taxation and some are subject to state and local taxation. Other securities, such as various municipal bonds, can provide better tax advantages because they are exempt from all levels of taxation.

Barbara Todd
September 4, 2003

This memorandum is based on information available to the public obtained from sources that we believe to be reliable, but no representation is made that it is accurate or complete. Opinions and projections made in this memorandum reflect our opinion as of the date of this memorandum and are subject to change without notice. This memorandum is not an offer to buy or sell any security. Bank of America Corporation, its broker-dealer subsidiaries and other subsidiaries, and their respective directors, officers and employees, may have positions in, and may effect transactions in, securities of companies mentioned herein and may also perform or seek to perform services for companies mentioned herein. Bank of America Investment Services, Inc. is not a tax advisor. Please consult with your tax advisor prior to making any investment decisions.

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Offering Circular dated March 17, 2008

Global Debt Facility

Offered Securities: Debt Securities, including Medium-Term Notes and Discount Notes, among others.

Reference SecuritiesSM: We will designate some Debt Securities as "Reference SecuritiesSM," which are scheduled U.S. dollar denominated issues in large principal amounts.

Amount: Unlimited.

Maturities: One day or longer, but not more than one year in the case of Reference Bills® securities and other Discount Notes.

Offering Terms: We will offer the Debt Securities primarily through Dealers within the United States and internationally on the terms described in this Offering Circular and, except as to Reference Bills® and other Discount Notes, related Pricing Supplements.

Currencies: U.S. dollars or other currencies specified in the applicable Pricing Supplement.

Priority: The Debt Securities will be unsecured general obligations or unsecured subordinated obligations of Freddie Mac.

Tax Status: The Debt Securities are not tax-exempt. Non-U.S. Owners generally will be subject to United States federal income and withholding tax unless they establish an exemption.

Form of Securities: U.S. dollar denominated Debt Securities: Book-entry (U.S. Federal Reserve Banks) or registered (global or definitive).

Non-U.S. dollar denominated Debt Securities: Registered (global or definitive).

We will provide you with a Pricing Supplement describing the specific terms, pricing information and other information for each issue of Debt Securities, except Reference Bills® and other Discount Notes. The Pricing Supplement for a specific issue of Debt Securities will supplement and may amend this Offering Circular with respect to that issue of Debt Securities. The applicable Pricing Supplement will describe whether the related issue of Debt Securities is a general or subordinated obligation, whether principal is payable at maturity or periodically, whether the Debt Securities are redeemable prior to maturity, and whether interest is payable at a fixed or variable rate or if no interest is payable. Pursuant to the rules and regulations of the Luxembourg Stock Exchange, this Offering Circular and any related Pricing Supplement, respectively, should be deemed to constitute a base prospectus and final terms for the sole purpose of the application for admission to trading of Debt Securities on the Euro MTF Market.

We may apply to have some Debt Securities issued under this Offering Circular admitted for trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange or on the Singapore Exchange Securities Trading Limited. Our application with the Euro MTF Market applies to Debt Securities issued within twelve months of the date of this Offering Circular. We may also issue unlisted Debt Securities and Debt Securities listed on other exchanges under this Facility.

Some Debt Securities are complex financial instruments and may not be suitable investments for you. You should consider carefully the risk factors described beginning on page 12. You should not purchase Debt Securities unless you understand and are able to bear these and any other applicable risks. You should purchase Debt Securities only if you understand the information contained in this Offering Circular, any Pricing Supplement for the Debt Securities you are considering purchasing and the documents that we incorporate by reference in this Offering Circular.

Because of applicable U.S. securities law exemptions, we have not registered the Debt Securities with any U.S. federal or state securities commission. No U.S. securities commission has reviewed this Offering Circular.

The Debt Securities are obligations of Freddie Mac only. The Debt Securities, including any interest or return of discount on the Debt Securities, are not guaranteed by, and are not debts or obligations of, the United States or any agency or instrumentality of the United States other than Freddie Mac.

This Offering Circular may only be used for the purposes for which it has been published.

The Index of Defined Terms (Appendix A) shows where definitions of defined terms appear in this Offering Circular.

*Reference SecuritiesSM is a service mark of Freddie Mac. *Reference Bills® is a registered trademark of Freddie Mac.
The Debt Securities generally will not have an established trading market when issued. Certain Dealers have advised Freddie Mac that they intend to use reasonable efforts to make a secondary market in the Debt Securities that they offer. However, they are not obligated to do so. These Dealers could discontinue their secondary market activities at any time without notice. There is no assurance that a secondary market for any of the Debt Securities will develop or, if such a market develops, that it will continue or will be liquid. Consequently, you may not be able to sell your Debt Securities readily or at prices that will enable you to realize your anticipated yield.

If you intend to purchase Debt Securities, you should rely only on the information in this Offering Circular and in any related Pricing Supplement for those Debt Securities, including the information in any documents we incorporate by reference. We have not authorized anyone to provide you with different information. We are not offering the Debt Securities in any jurisdiction that prohibits their offer. This Offering Circular, any related Pricing Supplements and any incorporated documents speak only as of their dates, regardless of the date you receive these documents or purchase Debt Securities. These documents may not be correct after their dates.

Some jurisdictions may restrict by law the distribution of this Offering Circular or any Pricing Supplement and the offer, sale and delivery of Debt Securities. Persons who receive this Offering Circular or any Pricing Supplement should know and observe these restrictions.

We have not registered the Debt Securities under the Financial Instruments and Exchange Law of Japan (the "Financial Instruments and Exchange Law"), and we may not directly or indirectly offer and sell Debt Securities in Japan or to any resident of Japan or to any person for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except in compliance with, or under an available exemption from, the registration requirements of the Financial Instruments and Exchange Law and in compliance with other relevant laws of Japan.

For a further description of some additional restrictions on offers, sales and deliveries of Debt Securities and on the distribution of the Offering Circular, any Pricing Supplement or any other supplement or amendment, see "Distribution Arrangements — Selling Restrictions:" "General Information" and Appendix C.

Neither the Luxembourg Stock Exchange nor the Singapore Exchange Securities Trading Limited (the "Singapore Stock Exchange") assumes responsibility for the correctness of any of the statements made or opinions expressed in reports contained or incorporated by reference in this Offering Circular. Admission to trading on the Euro MTF Market (the "Euro MTF Market") and listing on the Official List of the Luxembourg Stock Exchange or on the Singapore Stock Exchange are not to be taken as an indication of the merits of Freddie Mac or the Debt Securities. No person has been authorized to give any information about Freddie Mac or the Debt Securities other than the information contained in this Offering Circular.

After making all reasonable inquiries as of the date of this Offering Circular, we confirm that this Offering Circular contains all the information about the Debt Securities which, when read together with the applicable Prospectus, is not misleading and is not misleading in the context of the initial sale of each offering of the Debt Securities. We also confirm that the information in this Offering Circular, together with the information in such incorporated documents, is true and accurate in all respects and is not misleading and that there are no facts the omission of which makes this Offering Circular and such incorporated documents as a whole or any such information misleading in any material respect.

This Offering Circular has not been drafted in accordance with the provisions of Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "Prospectus Directive") as implemented by Commission Regulation EC 809/2004 dated April 29, 2004, and has not been subject to approval by any member state’s competent authority pursuant to the Prospectus Directive. Accordingly, any Debt Securities offered within the European Union will be subject to the relevant selling restrictions described in Appendix C.

Neither this Offering Circular nor any Pricing Supplement describes all of the risks and investment considerations applicable to Debt Securities, especially those whose principal or interest we pay in or determine by reference to one or more foreign currencies or to one or more interest rates, currency or other indices or formulas. We and the Dealers disclaim any responsibility to advise prospective investors of these risks and investment considerations as they exist at the date of this Offering Circular or any Pricing Supplement and any such risks may change from time to time. Prospective investors should consult their own financial, tax and legal advisors as to the risks and investment considerations arising from an investment in such Debt Securities. The Debt Securities are not an appropriate investment for investors who are unsophisticated regarding debt securities, currency transactions or transactions involving the applicable interest rate, currency, swap or other indices or formulas. See "Risk Factors."

This Offering Circular replaces and supersedes the Global Debt Facility Offering Circular dated June 27, 2007 for issues of Debt Securities priced on and after the date of this Offering Circular. This Offering Circular relates to Debt Securities issued under this Facility and not to any other securities of Freddie Mac.
<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freddie Mac</td>
<td>4</td>
</tr>
<tr>
<td>Overview</td>
<td>4</td>
</tr>
<tr>
<td>Freddie Mac and The Home Loan Bank</td>
<td>6</td>
</tr>
<tr>
<td>Risk Factors</td>
<td>12</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td></td>
</tr>
<tr>
<td>The Debt Securities May Not Be Suitable For You</td>
<td>12</td>
</tr>
<tr>
<td>Structured Term Debt Securities May Be Complex</td>
<td>12</td>
</tr>
<tr>
<td>and Involve Greater Risks</td>
<td></td>
</tr>
<tr>
<td>Exchange Rate Risks and Exchange Controls May</td>
<td>13</td>
</tr>
<tr>
<td>Affect the Timing or Amount of Interest and</td>
<td></td>
</tr>
<tr>
<td>Principal Paid on Your Term Debt Securities</td>
<td></td>
</tr>
<tr>
<td>Various Factors Could Adversely Affect the</td>
<td>14</td>
</tr>
<tr>
<td>Trading, Valuation and Yield of Your Debt</td>
<td></td>
</tr>
<tr>
<td>Currencies</td>
<td>20</td>
</tr>
<tr>
<td>Status of Debt Securities</td>
<td>21</td>
</tr>
<tr>
<td>Term Debt Securities</td>
<td>21</td>
</tr>
<tr>
<td>Maturity, Redemption and Optional Repayment</td>
<td>22</td>
</tr>
<tr>
<td>Interest Payments</td>
<td>22</td>
</tr>
<tr>
<td>Subordinated Debt Securities</td>
<td>26</td>
</tr>
<tr>
<td>Stripped Debt Securities</td>
<td>30</td>
</tr>
<tr>
<td>Reopened Issues</td>
<td>32</td>
</tr>
<tr>
<td>Discount Notes</td>
<td>31</td>
</tr>
<tr>
<td>Conclusions</td>
<td>32</td>
</tr>
<tr>
<td>Business Day Convention</td>
<td>32</td>
</tr>
<tr>
<td>Targeted Registered Issues</td>
<td>33</td>
</tr>
<tr>
<td>Issuers and Settlement Procedures</td>
<td>33</td>
</tr>
<tr>
<td>General</td>
<td>33</td>
</tr>
<tr>
<td>Clearance and Settlement Procedures — Primary</td>
<td>35</td>
</tr>
<tr>
<td>Distribution</td>
<td>35</td>
</tr>
<tr>
<td>Clearance and Settlement Procedures — Secondary</td>
<td>35</td>
</tr>
<tr>
<td>Market Transfers</td>
<td>35</td>
</tr>
<tr>
<td>FEBA-Backed Debt Securities</td>
<td>36</td>
</tr>
<tr>
<td>Title</td>
<td>36</td>
</tr>
<tr>
<td>Fiscal Agent</td>
<td>37</td>
</tr>
<tr>
<td>Registered Debt Securities</td>
<td>37</td>
</tr>
<tr>
<td>Title</td>
<td>37</td>
</tr>
<tr>
<td>Payments</td>
<td>36</td>
</tr>
<tr>
<td>Global Settlement</td>
<td>39</td>
</tr>
<tr>
<td>Exchange for Definitive Debt Securities</td>
<td>39</td>
</tr>
<tr>
<td>Currency Conversions</td>
<td>42</td>
</tr>
<tr>
<td>Payment for Debt Securities</td>
<td>42</td>
</tr>
<tr>
<td>Payment on DTC Registered Debt Securities</td>
<td>42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Agreements</td>
<td>43</td>
</tr>
<tr>
<td>Bidding Effect of the Agreements</td>
<td>43</td>
</tr>
<tr>
<td>Various Matters Regarding Freddie Mac</td>
<td>43</td>
</tr>
<tr>
<td>Events of Default — Discount Note Agreement</td>
<td>43</td>
</tr>
<tr>
<td>Events of Default — Global Debt Facility</td>
<td>43</td>
</tr>
<tr>
<td>Agreement</td>
<td>43</td>
</tr>
<tr>
<td>Rights Upon Event of Default — Global Debt</td>
<td>44</td>
</tr>
<tr>
<td>Facility Agreement</td>
<td>44</td>
</tr>
<tr>
<td>Amendments</td>
<td>44</td>
</tr>
<tr>
<td>Replacement</td>
<td>46</td>
</tr>
<tr>
<td>Debt Securities Acquired by Freddie Mac</td>
<td>46</td>
</tr>
<tr>
<td>Notice</td>
<td>46</td>
</tr>
<tr>
<td>Governing Law</td>
<td>47</td>
</tr>
<tr>
<td>Certain United States Federal Tax Consequences</td>
<td>47</td>
</tr>
<tr>
<td>U.S. Owners</td>
<td>48</td>
</tr>
<tr>
<td>In General</td>
<td>48</td>
</tr>
<tr>
<td>Payments of Interest</td>
<td>49</td>
</tr>
<tr>
<td>Debt Obligations with Original Issue Discount</td>
<td>49</td>
</tr>
<tr>
<td>Callable Debt Obligations</td>
<td>50</td>
</tr>
<tr>
<td>Debt Obligations with a Term of One Year or</td>
<td>51</td>
</tr>
<tr>
<td>Less</td>
<td></td>
</tr>
<tr>
<td>Acquisition Premium and Market Discount</td>
<td>51</td>
</tr>
<tr>
<td>Debt Obligations Purchased at a Premium</td>
<td>52</td>
</tr>
<tr>
<td>Annual Method Section</td>
<td>53</td>
</tr>
<tr>
<td>Disposition or Retirement of Debt Obligations</td>
<td>53</td>
</tr>
<tr>
<td>Exchange of Amounts in Non-U.S. Currency</td>
<td>54</td>
</tr>
<tr>
<td>Stripped Debt Obligations</td>
<td>54</td>
</tr>
<tr>
<td>Subordinated Debt Obligations</td>
<td>55</td>
</tr>
<tr>
<td>Non-U.S. Owners</td>
<td>55</td>
</tr>
<tr>
<td>Interest</td>
<td>55</td>
</tr>
<tr>
<td>Disposition or Retirement of Debt Obligations</td>
<td>56</td>
</tr>
<tr>
<td>U.S. Federal Estate and Gift Taxes</td>
<td>57</td>
</tr>
<tr>
<td>Reportable Transaction Disclosure Statement</td>
<td>57</td>
</tr>
<tr>
<td>Information Reporting and Backup Withholding</td>
<td>57</td>
</tr>
<tr>
<td>Applications of Proceeds</td>
<td>58</td>
</tr>
<tr>
<td>Legal Investment Considerations</td>
<td>58</td>
</tr>
<tr>
<td>Distribution Arrangement</td>
<td>58</td>
</tr>
<tr>
<td>Term Debt Securities</td>
<td>58</td>
</tr>
<tr>
<td>Distribution</td>
<td>58</td>
</tr>
<tr>
<td>Sales to Dealers as Principal</td>
<td>58</td>
</tr>
<tr>
<td>Non-Underwritten Sales</td>
<td>59</td>
</tr>
<tr>
<td>Targeted Registered Debt Securities</td>
<td>59</td>
</tr>
<tr>
<td>Sales Directly to Investors</td>
<td>59</td>
</tr>
<tr>
<td>Speculation and Other Market Transactions</td>
<td>60</td>
</tr>
<tr>
<td>Discount Notes</td>
<td>60</td>
</tr>
<tr>
<td>Dealer Information</td>
<td>60</td>
</tr>
<tr>
<td>Trading Markets</td>
<td>60</td>
</tr>
<tr>
<td>Selling Restrictions</td>
<td>61</td>
</tr>
<tr>
<td>General</td>
<td>61</td>
</tr>
<tr>
<td>Targeted Registered Debt Securities</td>
<td>61</td>
</tr>
<tr>
<td>Legality of the Debt Securities</td>
<td>62</td>
</tr>
<tr>
<td>General Information</td>
<td>62</td>
</tr>
<tr>
<td>Capitalization</td>
<td>64</td>
</tr>
<tr>
<td>Selected Financial Data and Other Operating</td>
<td>65</td>
</tr>
<tr>
<td>Measures</td>
<td>65</td>
</tr>
<tr>
<td>Appendix A — Index of Defined Terms</td>
<td>65</td>
</tr>
<tr>
<td>Appendix B — Descriptions of Indices</td>
<td>B-1</td>
</tr>
<tr>
<td>Appendix C — Sailing Restrictions</td>
<td>C-1</td>
</tr>
</tbody>
</table>

* We use defined terms throughout this Offering Circular. Appendix A provides the page locations of the definitions of those terms.
Overview

The Federal Home Loan Mortgage Corporation ("Freddie Mac") is a stockholder-owned company chartered by Congress in 1970 to stabilize the nation's residential mortgage markets and expand opportunities for homeownership and affordable rental housing. Our mission is to provide liquidity, stability and affordability to the U.S. housing market. We fulfill our mission by purchasing residential mortgages and mortgage-related securities in the secondary mortgage market and securitizing them into mortgage-related securities that can be sold to investors. We are one of the largest purchasers of mortgage loans in the U.S. Our purchases of mortgage assets provide lenders with a steady flow of low-cost mortgage funding. We purchase single-family and multifamily mortgage-related securities for our investments portfolio. We also purchase multifamily residential mortgages in the secondary mortgage market and hold those loans for investment. We finance our purchases for our investments portfolio and our multifamily mortgage loan portfolio, and manage interest-rate and other market risks, primarily by issuing a variety of debt instruments and entering into derivative contracts in the capital markets.

Though we are chartered by Congress, our business is funded with private capital. We are responsible for making payments on our securities. Neither the U.S. government nor any other agency or instrumentality of the U.S. government is obligated to fund our mortgage purchase or financing activities or to guarantee our securities and other obligations.

Our Charter and Mission

The Federal Home Loan Mortgage Corporation Act (the "Freddie Mac Act"), which we refer to as our charter, forms the framework for our business activities, the products we bring to market and the services we provide to the nation's residential housing and mortgage industries. Our charter also determines the types of mortgage loans that we are permitted to purchase.

Our mission is defined in our charter:
• to provide stability in the secondary market for residential mortgages;
• to respond appropriately to the private capital market;
• to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages for low- and moderate-income families involving an economic return that may be less than the return earned on other activities); and
• to promote access to mortgage credit throughout the U.S. (including central cities, rural areas and other underserved areas).

Our activities in the secondary mortgage market benefit consumers by providing lenders a steady flow of low-cost mortgage funding. This flow of funds helps moderate cyclical swings in the housing market, equalizes the flow of mortgage funds regionally throughout the U.S. and makes mortgage funds available in a variety of economic conditions. In addition, the supply of cash made available to lenders through this process reduces mortgage rates on loans within the dollar limits set in accordance with our charter. These lower rates help make homeownership affordable for more families and individuals than would be possible without our participation in the secondary mortgage market.

To facilitate our mission, our charter provides us with special attributes, including:
• exemption from the registration and reporting requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934 (the "Exchange Act"). We are, however, subject to the general antifraud provisions of the federal securities laws and have committed to the voluntary registration of our common stock with the Securities and Exchange Commission under the Exchange Act;
• favorable treatment of our securities under various investment laws and other regulations;
• discretionary authority of the Secretary of the Treasury to purchase up to $2.25 billion of our securities; and
• exemption from state and local taxes, except for taxes on real property that we own.
ADDITIONAL INFORMATION

We prepare an annual Information Statement that describes our business and operations and contains important financial and other information, including our audited consolidated financial statements (the "Information Statement"). We also prepare periodic Information Statement Supplements from time to time that may include unaudited consolidated financial data and other information concerning our business and operations (each, an "Information Statement Supplement"). These documents are (or upon publication will be) incorporated by reference in this Offering Circular, which means that we are disclosing information to you by referring you to those documents. These documents are considered part of this Offering Circular. You should read this Offering Circular, and any applicable supplements or amendments, in conjunction with our most recent Information Statement and any subsequent Information Statement Supplements we incorporate by reference in this Offering Circular. As of the date of this Offering Circular, we have released our Information Statement for the year ended December 31, 2007, which is dated February 28, 2008 (the "Current Information Statement"). You should rely only on the most current information provided or incorporated by reference in this Offering Circular and any applicable supplement or amendment.

You can obtain any of these documents and any other documents that we make available by contacting us at:

Freddie Mac Debt Operations
1551 Park Run Drive, Mailstop DSN
McLean, Virginia U.S.A. 22102-3110
Telephone: 1-888-882-6275
(571-382-3700 within Washington, D.C. area)
E-Mail: debt.securities@freddiemac.com
www.freddiemac.com*

You also can read the Information Statement, Information Statement Supplements and other information about Freddie Mac at the offices of the New York Stock Exchange.

So long as any Debt Securities are admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange and the rules of such exchange or any relevant authority so require, copies of the Offering Circular (and all documents incorporated by reference) will be available free of charge from the principal offices of Fortis Banque Luxembourg S.A. in Luxembourg. The Offering Circular (and all documents incorporated by reference) and the Pricing Supplements for all Debt Securities admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange will be published and available on the website of the Luxembourg Stock Exchange (http://www.bourse.lu). You may inspect copies of the Fiscal Agency Agreement and the Global Agency Agreement at the principal offices of Fortis Banque Luxembourg S.A. in Luxembourg.

In connection with the admission to trading on the Euro MTF Market and the listing of the Debt Securities on the Official List of the Luxembourg Stock Exchange and the Singapore Stock Exchange, we have agreed that, so long as any Debt Securities remain outstanding and listed on one of those exchanges, in the event of any material adverse change in the business or the financial position of Freddie Mac that is not reflected in this Offering Circular as then amended or supplemented (including the documents incorporated by reference), we will prepare an amendment or supplement to this Offering Circular or publish a new Offering Circular if we subsequently offer or list Debt Securities. If the terms of the Facility are modified or amended in a manner that would make this Offering Circular, as amended or supplemented, inaccurate or misleading, we will prepare a further amendment to this Offering Circular or a new Offering Circular.

* We are providing this internet address solely for the information of prospective investors. We are not using reference to this address to incorporate additional information into this Offering Circular or any Pricing Supplement, except as specifically stated in this Offering Circular.

CONFIDENTIAL TREATMENT REQUESTED

BOA 5886
SUMMARY

This Summary contains selected information about the Debt Securities. It does not contain all of the information you should consider before purchasing the Debt Securities. You should refer to the remainder of this Offering Circular and to any related Pricing Supplement for further information. If a Pricing Supplement contains different information from this Offering Circular, you should rely on the Pricing Supplement.

Issuer: Freddie Mac, a stockholder-owned company chartered by Congress, is the "Issuer" of Debt Securities.

Debt Securities: "Debt Securities" are unsecured subordinated or unsubordinated notes, bonds and other debt securities issued from time to time. We will issue Debt Securities in U.S. dollars or other currencies with maturities of one day or longer. Debt Securities with maturities of more than one year may be called "Notes" and those with maturities of more than ten years may be called "Bonds." These Debt Securities may be callable or non-callable. We use the phrase "Term Debt Securities" to refer to Debt Securities other than Reference Bills and other Discount Notes.

Discount Notes: A "Discount Note" will:
- have a maturity of one year or less from its Issue Date;
- be sold at a discount to its stated principal amount;
- not bear interest; and
- be paid only at maturity.

Medium-Term Notes: "Medium-Term Notes" are Term Debt Securities that will:
- pay principal in one or more of the following methods: (1) only at maturity; (2) periodically until maturity; or (3) upon redemption or repayment before maturity;
- bear interest at a fixed or variable interest rate or bear no interest; and
- have a maturity of one day or more from their Issue Date.

Reference Securities: We will designate some Debt Securities as "Reference Securities," which are scheduled U.S. dollar denominated issues in large principal amounts. Reference Bills are U.S. Dollar denominated Discount Notes ("Reference Bills"). Reference Notes are U.S. dollar denominated, non-callable Term Debt Securities with maturities of more than one year. Reference Bonds are U.S. dollar denominated, non-callable Term Debt Securities with maturities of more than ten years. Callable Reference Notes are U.S. dollar denominated, callable Term Debt Securities with maturities of more than one year. Issuances may consist of new issues of Reference Securities or the "reopening" of an existing issue.

FreddieNotes: FreddieNotes ("FreddieNotes") are Medium-Term Notes that permit persons acting on behalf of deceased beneficial owners to require us to repay principal prior to their Maturity Date.

Amount: We may issue an unlimited amount of Debt Securities under this debt facility (the "Facility").

Legal Status: Unless otherwise specified in the applicable Pricing Supplement, the Debt Securities will be unsecured general obligations having the same priority as all of our other unsecured and

*Callable Reference NotesSM is a service mark of Freddie Mac. "Reference Notes," "Reference Bonds" and "FreddieNotes" are registered trademarks of Freddie Mac.

CONFIDENTIAL TREATMENT REQUESTED
unsubordinated debt and ranking senior to any subordinated debt. If specified in the applicable Pricing Supplement, certain Term Debt Securities will be unsecured subordinated obligations with the terms, including, but not limited to, terms relating to payment priority or payment suspension, limitation or deferral (if any), set forth in that Pricing Supplement ("Subordinated Debt Securities"). The United States does not guarantee the Debt Securities or any interest or return of discount on the Debt Securities. The Debt Securities are not debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.

Pricing Supplements

We will offer Term Debt Securities by means of "Pricing Supplements" that will describe the specific terms, pricing information and other information for each issue of Term Debt Securities. If a Pricing Supplement contains different information from this Offering Circular, you should rely on the Pricing Supplement as to the related issue of Term Debt Securities.

Specified Currencies

We may denominate and make payments of principal and interest on the Debt Securities in any of the following Specified Currencies or in another currency specified in the applicable Pricing Supplement, subject to compliance with all relevant laws and regulations.

<table>
<thead>
<tr>
<th>Australian dollars</th>
<th>Japanese yen (&quot;Yen&quot;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>British pounds sterling (&quot;Sterling&quot;)</td>
<td>Mexican pesos</td>
</tr>
<tr>
<td>Canadian dollars</td>
<td>New Zealand dollars</td>
</tr>
<tr>
<td>Danish kroner</td>
<td>Singapore dollars</td>
</tr>
<tr>
<td>Euros</td>
<td>Swedish kronor</td>
</tr>
<tr>
<td>Hong Kong dollars</td>
<td>Swiss francs</td>
</tr>
<tr>
<td>U.S. dollars</td>
<td></td>
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</table>

Government or monetary authorities or clearing systems may require that Debt Securities denominated in certain currencies or currency units have certain denominations or have minimum or maximum maturities. The current minimum maturity for Debt Securities admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange is seven days.

Denominations

Unless otherwise indicated in the related Pricing Supplement or otherwise required by law, we will issue and maintain U.S. dollar denominated Debt Securities in minimum principal amounts of U.S. $1,000 and additional increments of U.S. $1,000. The denominations for all non-U.S. dollar denominated Debt Securities will be set forth in the applicable Pricing Supplement.

Any Debt Securities in respect of which either (a) the issue proceeds are received by us in the United Kingdom; or (b) the activity of issuing the Debt Securities is carried out from an establishment maintained in the United Kingdom and which have a maturity of less than one year from the date of issue must (x) if have a minimum redemption value of £100,000 (or an amount of equivalent value denominated wholly or partly in another currency) and no part of any such Debt Security may be transferred unless the redemption value of that part is not less than £100,000 (or such equivalent amount), and (y) be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (y) be issued in other circumstances which do not constitute a contravention of section 19
<table>
<thead>
<tr>
<th>Term Debt Securities Redemption and Repayment</th>
<th>We may have the option to redeem some Term Debt Securities, in whole or in part, before their Maturity Dates. Also, holders of some Term Debt Securities may have the option to require repayment of Term Debt Securities, in whole or in part, before their Maturity Dates. The Pricing Supplement for an issue of Term Debt Securities will say whether those Term Debt Securities are redeemable at our option or repayable at your option and will describe the redemption or repayment right.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Debt Securities Payment Terms</td>
<td>The related Pricing Supplement will specify the payment terms of Term Debt Securities.</td>
</tr>
<tr>
<td>Principal</td>
<td>Term Debt Securities may provide for payment of principal in several ways, including the following:</td>
</tr>
<tr>
<td>Fixed Principal Repayment Amount</td>
<td>Either (1) an amount equal to 100% of the principal amount of a Term Debt Security, payable on the applicable Maturity Date or date of redemption or earlier repayment; or (2) a specified amount above or below its principal amount, payable on that date.</td>
</tr>
<tr>
<td>Variable Principal Repayment Amount</td>
<td>A principal amount determined by reference to one or more indices, such as interest rate, exchange rate or swap rate indices or other formulas, payable on the applicable Maturity Date or date of redemption or repayment.</td>
</tr>
<tr>
<td>Amortizing Principal Repayment Amounts</td>
<td>Amounts of periodic payments of principal made during the term of a Term Debt Security.</td>
</tr>
<tr>
<td>Interest</td>
<td>Term Debt Securities may bear interest at fixed or variable rates (or a combination of fixed and variable rates), or may bear interest that is indexed by reference to an interest rate, exchange rate or swap rate or in some other manner, or may not bear interest. Term Debt Securities may be described in terms of various interest rate types, including these types.</td>
</tr>
<tr>
<td>Fixed Rate</td>
<td>Term Debt Securities that bear interest at a single fixed rate.</td>
</tr>
<tr>
<td>Variable Rate</td>
<td>Term Debt Securities that bear interest at a variable rate determined by reference to one or more specified indices or otherwise.</td>
</tr>
<tr>
<td>Fixed/Variable Rate</td>
<td>Term Debt Securities that bear interest at a single fixed rate during one or more specified periods and at a variable rate during other periods.</td>
</tr>
<tr>
<td>Range Accrual</td>
<td>Term Debt Securities that may not bear interest during periods when the applicable index is outside a specified range.</td>
</tr>
<tr>
<td>Step</td>
<td>Term Debt Securities that bear interest at different fixed rates during different periods.</td>
</tr>
<tr>
<td>Zero Coupon</td>
<td>Term Debt Securities that do not bear interest and are issued at a discount to their principal amount.</td>
</tr>
<tr>
<td>Stripping</td>
<td>The applicable Pricing Supplement will indicate whether Term Debt Securities may be stripped into interest and principal components.</td>
</tr>
<tr>
<td>Form of Debt Securities</td>
<td>We will issue Debt Securities in either book-entry form or registered form. We will not issue Debt Securities in bearer form.</td>
</tr>
</tbody>
</table>
**Fed Book-Entry Debt Securities**

"Fed Book-Entry Debt Securities" are Debt Securities denominated and payable in U.S. dollars that are issued in book-entry form on the book-entry system ("Fed Book-Entry System") of the U.S. Federal Reserve Banks (individually, a "Federal Reserve Bank" and, collectively, the "Federal Reserve Banks"). Debt Securities on the Fed Book-Entry System may be held of record only by entities eligible to maintain book-entry accounts with a Federal Reserve Bank ("Fed Participants"). Holders may not exchange Fed Book-Entry Debt Securities for definitive Debt Securities.

**Registered Debt Securities**

"Registered Debt Securities" are Debt Securities that are not Fed Book-Entry Debt Securities. We generally will issue Registered Debt Securities in global registered form. Registration will be in the name of the common depository for a clearing system through which investors will maintain ownership interests in Registered Debt Securities in global registered form. Interests in such Debt Securities may be exchanged for definitive Debt Securities only in the limited circumstances described in this Offering Circular. In addition, we may issue Registered Debt Securities in definitive registered form if specified in the applicable Pricing Supplement. See "Description of the Debt Securities — Registered Debt Securities — Exchange for Definitive Debt Securities."

**Fiscal Agent**

The Federal Reserve Bank of New York ("FRBNY") will act as fiscal agent for Fed Book-Entry Debt Securities ("Fiscal Agent") under a Uniform Fiscal Agency Agreement (as amended, supplemented or replaced from time to time, the "Fiscal Agency Agreement").

**Global Agent**

CitiBank N.A.'s London office ("CitiBank — London") is the global agent for Registered Debt Securities (the "Global Agent") under a Global Agency Agreement (as amended, supplemented or replaced from time to time, the "Global Agency Agreement").

**Registrar**

Citigroup Global Markets Deutschland AG & Co. KGaA is the Registrar for Registered Debt Securities.

**Clearance and Settlement**

Depending on the terms of an issue of Debt Securities and where they are offered, the Debt Securities may clear and settle through one or more of the following:
- the Federal Reserve Banks;
- The Depository Trust Company ("DTC");
- Euroclear;
- Clearstream, Luxembourg; or
- any other designated clearing systems.

Most Debt Securities denominated and payable in U.S. dollars, including all Reference Securities, will clear and settle through the Fed Book-Entry System, if distributed within the United States, and through Euroclear and/or Clearstream, Luxembourg, if distributed outside the United States. Most Debt Securities denominated and payable in a Specified Currency other than U.S. dollars will clear and settle through DTC, if distributed within the United States, and through Euroclear and/or Clearstream, Luxembourg, if distributed outside the United States.

**Holders**

The term "Holders" means:
- in the case of an issue of Fed Book-Entry Debt Securities, the Fed Participants appearing on the book-entry records of a Federal Reserve Bank as Holders;
in the case of an issue of Registered Debt Securities in global registered form, the depository or its nominee in whose name the issue is registered on behalf of a related clearing system; or

in the case of an issue of Registered Debt Securities in definitive form, the persons in whose name such Debt Securities are registered.

A Holder of a Debt Security is not necessarily the beneficial owner of that Debt Security. Investors owning beneficial interests in Debt Securities will typically do so through the Fed Book-Entry System in the case of Fed Book-Entry Securities, or the book-entry facilities of the clearing system that maintains ownership in the case of Registered Debt Securities in global registered form. Therefore, beneficial owners will ordinarily hold Debt Securities through one or more financial intermediaries such as banks, brokerage firms and other participants in securities clearing organizations. A Holder that is not the beneficial owner of a Debt Security, and each other financial intermediary in the chain between the Holder and the beneficial owner, will be responsible for establishing and maintaining accounts for their respective customers and for remitting payments to those accounts.

See "Description of the Debt Securities — Fed Book-Entry Debt Securities" and "— Registered Debt Securities."

Securities Agreements

We will issue Term Debt Securities under the Global Debt Facility Agreement, dated the same date as this Offering Circular, among Freddie Mac and the holders of the Term Debt Securities ("Global Debt Facility Agreement").

We will issue Discount Notes, including Reference Bills, under the Discount Note Agreement dated the same date as the Offering Circular, among Freddie Mac and the holders of Discount Notes ("Discount Note Agreement").

We refer to the Global Debt Facility Agreement and the Discount Note Agreement, collectively, as the "Agreements" and, individually, as an "Agreement."

Method of Payment

We will make payments on Fed Book-Entry Debt Securities through the FRBNY as our fiscal agent. The FRBNY will credit payments on such Debt Securities to the accounts of Fed Participants. Each Holder, and each other financial intermediary in the chain to the beneficial owner, will be responsible for remitting payments to their customers.

We will make payments on Registered Debt Securities to the applicable clearing system (or its nominee) in the Specified Currency in immediately available funds or, in the case of definitive Registered Debt Securities, to the registered Holders by check unless otherwise arranged.

Governing Law

The Debt Securities will be governed by the federal laws of the United States. The laws of the State of New York will be deemed to reflect the federal laws of the United States, unless there is applicable precedent under federal law or the application of New York law would frustrate the purposes of the Freddie Mac Act or the applicable Agreement.

Tax Status

The Debt Securities and income or return of capital received from the Debt Securities generally are subject to taxation by the United States and generally are not exempt from taxation by other U.S. or non-U.S. taxing jurisdictions. Unless they establish an exemption by filing a Form W-8BEN or otherwise, Non-U.S. Owners generally will be subject to United States federal income and
withholding tax. See "Certain United States Federal Tax Consequences — Non-U.S. Owners — Interest."

We will not pay additional interest or other amounts or redeem the Debt Securities prior to maturity if any jurisdiction imposes any withholding of other tax on payments on the Debt Securities, if any particular issue of Debt Securities is "targeted to foreign markets" under U.S. Treasury regulations (the "Regulations"), the applicable Pricing Supplement will describe any special tax considerations that apply.

**Listing**

The applicable Pricing Supplement will specify the exchange, if any, on which we will apply to list a particular issue of Debt Securities. We may apply to have some Debt Securities issued under this Facility admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange or the Singapore Stock Exchange. Our application with the Euro MTF Market of the Luxembourg Stock Exchange applies to Debt Securities issued within twelve months of the date of this Offering Circular. We may list an issue of Debt Securities on one, both or neither of these exchanges. We may also list an issue of Debt Securities on other exchanges or no exchange at all.

**Luxembourg Transfer, Paying and Listing Agent**

Fortis Banque Luxembourg S.A. is the "Luxembourg Transfer, Paying and Listing Agent."

**Method of Distribution**

We generally will sell Term Debt Securities to one or more Dealers acting as principals for resale to investors either at a fixed price or at varying prices determined by the relevant Dealer or Dealers. These sales may be by auction or other methods. The applicable Pricing Supplement will specify the names of the Dealer or Dealers for a particular issuance of Term Debt Securities. Alternatively, we may allow Dealers to solicit purchases of Term Debt Securities on an agency basis or we may sell Term Debt Securities directly to investors.

In general, we will sell Reference Bills and other Discount Notes through Dealers, acting as our agents, or we will sell them directly to investors.

**Offering Price**

Term Debt Securities may be offered at fixed prices equal to par, or at a discount to or premium over par, or at varying prices relative to prevailing market prices at the time of resale as determined by the applicable Dealer, as specified in the applicable Pricing Supplement.

Reference Bills and other Discount Notes are offered at a discount to par.

**Selling Restrictions**

Some jurisdictions restrict the offers and sales of Debt Securities and the distribution of offering materials. If any particular issue of Debt Securities is "targeted to foreign markets" under the Regulations, the Pricing Supplement for the Debt Securities will describe the selling restrictions that apply. See "Distribution Arrangements — Selling Restrictions" and Appendix C.
RISK FACTORS

This section describes some of the general risks and considerations that you should examine before investing in the Debt Securities. There may be other risks and considerations that are not discussed below or that are discussed in any applicable Pricing Supplement that you should consider. These risks and considerations may vary in importance depending on your particular circumstances and on various economic, interest rate and exchange rate scenarios. Therefore, you should consult your own financial and legal advisors to determine the suitability for you of a particular issue of Debt Securities.

The Debt Securities May Not Be Suitable For You

The Debt Securities are not suitable investments for all investors. Before investing in a particular issue of Debt Securities, you should:

• possess, either alone or with an investment advisor, the expertise and analytical tools necessary to evaluate, in the context of your financial situation, the particular features of the Debt Securities, the risks and benefits of investing in the Debt Securities and the effect of the Debt Securities on your overall investment portfolio;

• have sufficient financial resources and liquidity to bear the risks associated with the Debt Securities;

• understand the information contained and incorporated in this Offering Circular and any related Pricing Supplement;

• understand the terms of the Debt Securities; and

• understand any applicable legal investment restrictions.

Sophisticated institutional investors generally do not purchase complex Debt Securities as stand-alone investments. Rather, they may invest in certain types of complex Debt Securities to reduce the risk of their overall portfolio or to enhance their yield by adding an appropriate level of risk to their overall portfolio. You should not purchase any Debt Securities unless you understand and are able to bear the associated yield, market, liquidity and structure risks, including risks associated with any redemption provisions, periodic interest rate adjustments and exchange rates and controls. You should decide whether to invest in an issue of Debt Securities based on your own financial needs and the anticipated performance of the Debt Securities under a variety of economic, interest rate and exchange rate scenarios.

Structured Term Debt Securities May Be Complex and Involve Greater Risks

Historically, the majority of the Term Debt Securities we issue have been fixed rate debt obligations, including those that are redeemable at our option prior to their maturity. Although these Term Debt Securities present certain risks to investors, they do not present all of the risks associated with more complex Term Debt Securities.

More complex Term Debt Securities (such as Variable Rate, Variable Principal Repayment Amount, Range Accrual and Amortizing Debt Securities) may involve greater risk. They may have principal or interest payments determined, either directly or inversely, by reference to one or more indices (including interest rate, exchange rate, currency, swap or equity indices or formulas). An investment in such Term Debt Securities entails risks not associated with an investment in a conventional fixed rate debt security. These risks include the possibility that:

• the applicable index or indices may change significantly;

• changes in the applicable index or indices may not correlate with changes in interest rates or currencies generally, nor with changes in other indices;

• changes in the applicable index or indices will be magnified or diminished if the Term Debt Securities' principal or interest formula contains a leverage factor or a deleverage factor;

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BOA 9893
• the applicable index or indices may be subject to maximum ("Cap") or minimum ("Floor") interest rate or exchange rate limitations;

• the timing of changes in an applicable index or indices may affect your actual yield, even if the average level is consistent with your expectations (in general, the earlier the change in the applicable index or indices, the greater the effect on yield);

• two or more indices or formulas that you may expect to move in tandem or in some other relationship to each other may unexpectedly converge, diverge or otherwise not move as expected;

• currency devaluations may occur or monetary authorities may impose or modify currency exchange controls;

• the resulting interest rate may be less than the interest rate payable on a conventional fixed rate debt security we issued at the same time and, in some cases, may be as low as zero;

• you may receive repayments of principal at times other than you expect;

• you may not receive interest payments or may receive substantially reduced interest payments for extended periods of time;

• you may lose all or a substantial portion of the principal of your Term Debt Security (whether payable at maturity, upon redemption or otherwise); and

• the value of Term Debt Securities with complex formulas or other terms may be volatile.

These risks may depend on a number of interrelated factors that we cannot control, including financial, economic, regulatory and political developments. In the past, certain interest rates, currencies, currency units, exchange rates and swap, equity and other indices have been highly volatile. This volatility may continue in the future. Past fluctuations or relative stability in any particular interest rate, currency, currency unit, exchange rate, swap rate or index do not necessarily indicate the fluctuations that may occur, or the level of stability that may exist, in the future.

You should have knowledge of, and access to, appropriate analytical tools to evaluate quantitatively the effect of the particular features of the Term Debt Securities you are considering purchasing and the resulting effects upon their yields and values.

Exchange Rate Risks and Exchange Controls May Affect the Timing or Amount of Interest and Principal Paid on Your Term Debt Securities

Each issue of Term Debt Securities will be denominated in one or more Specified Currencies in which we will pay principal and any interest. We may determine the amount of principal or interest payments on an issue of Term Debt Securities by reference to one or more Specified Currencies (including exchange rates and swap indices between currencies or currency units) that may be different from the denominated Specified Currency. You may conduct your financial activities in a currency other than the Term Debt Securities’ denominated Specified Currencies or other than the Specified Currencies that determine the amount of the Term Debt Securities’ principal or interest payments. In those cases, an investment in the Term Debt Securities involves more risks than if the Term Debt Securities were denominated in or indexed solely in relation to your currency. These risks include the possibility that:

• the rate of exchange between the applicable Specified Currency and your currency may change significantly (including changes as a result of devaluation of the Specified Currency or revaluation of your currency);

• changes in exchange rates may decrease the effective yield on the Term Debt Securities and, in certain circumstances, cause you to lose all or a substantial portion of the principal of the Term Debt Securities;

• if the value of your currency appreciates relative to the value of the applicable Specified Currency, the yield on the Term Debt Securities, the value of payments on the Term Debt
Securities and the market value of the Term Debt Securities all would decrease in terms of your currency, while depreciation in the value of your currency relative to the value of the applicable Specified Currency would have the opposite effect, and

• authorities with jurisdiction over the applicable Specified Currency or your currency may impose or modify currency exchange controls.

In the past, certain exchange rates and indices have been highly volatile. This volatility may continue in the future. Past fluctuations or relative stability in any particular exchange rate or index, however, do not necessarily indicate the fluctuations that may occur, or the level of stability that may exist, in the future.

Government and monetary authorities have imposed, and may impose in the future, exchange controls that could affect exchange rates as well as the availability of the applicable Specified Currency when payments of principal or interest are due on an issue of Term Debt Securities. Even in the absence of actual exchange controls, it is possible that when payments on a particular issue of Term Debt Securities are due:

• the government issuing the applicable Specified Currency (or any successor to that Specified Currency) may no longer use the Specified Currency (or any successor currency);
• the international banking community may no longer use the applicable Specified Currency (or any successor currency) to settle transactions; and
• the applicable Specified Currency (or any successor currency) may no longer be available for some other reason.

In these cases, we generally will be entitled to satisfy our obligations on the Term Debt Securities in U.S. dollars. In addition, under certain circumstances, we may make payments in euros for Term Debt Securities originally denominated in currencies replaced by the euro. See “Description of the Debt Securities — General — Specified Currencies and Specified Payment Currencies — Unavailability.”

Various Factors Could Adversely Affect the Trading Value and Yield of Your Debt Securities

Secondary Markets and Market Values

The Debt Securities generally will not have an established trading market when issued. Certain Dealers have advised us that they intend to use reasonable efforts to make a secondary market in the Debt Securities that they offer, but they are not obligated to do so. These Dealers may discontinue any such secondary market making at any time without notice. Consequently:

• a secondary market for any of the Debt Securities may not develop, particularly for those Debt Securities that are especially sensitive to interest rate or market risks or are structured to meet the investment requirements of limited categories of investors; or
• if a secondary market develops, it may not be liquid at all times.

As a result, you may not be able to sell your Debt Securities easily or at prices comparable to similar instruments with a developed secondary market. If you are seeking to purchase or sell very small or very large amounts of Debt Securities, you may not be able to do so at prices comparable to those available to other investors.

The market values of Debt Securities likely will fluctuate over time, perhaps significantly. These fluctuations could cause significant losses to your investment in Debt Securities, especially if you dispose of your Debt Securities prior to their respective maturities. The market prices of instruments issued at either a substantial discount (such as Zero Coupon Debt Securities) or a substantial premium (such as Debt Securities with significantly above-market interest rates) from their principal amount tend to fluctuate more in relation to general changes in interest rates than do the prices of securities with comparable maturities that are not issued at such a discount or premium.
A number of factors may affect any secondary market for, and the market value of, an issue of Debt Securities, including:

- the creditworthiness of Freddie Mac and market perceptions thereof that may result from actual or potential financial, regulatory or legislative developments;
- the value, complexity and volatility of any applicable index or indices;
- the method of calculating principal or interest payments on the Debt Securities;
- the remaining term to maturity of the Debt Securities;
- any redemption or repayment features of the Debt Securities;
- the outstanding amount of the Debt Securities;
- the amount of other securities linked to any applicable index or indices;
- the amount of Debt Securities being sold in any secondary market from time to time;
- the subordinated status or other terms of any Subordinated Debt Securities;
- the stability of U.S. and non-U.S. currencies;
- any legal restrictions or tax treatment that limits demand for the Debt Securities;
- the availability of comparable securities, including comparable U.S. Treasury securities;
- fluctuations in the spread of the Debt Securities to comparable U.S. Treasury securities; and
- the level, direction and volatility of market interest rates generally.

You should not purchase any Debt Securities unless you understand and can bear the risks that you may not be able to resell them easily, that their value will fluctuate over time and that these fluctuations may be significant and cause significant losses to you. Illiquidity may have a severely adverse effect on the market values of the Debt Securities. These risks of limited liquidity and price volatility are greatest for Debt Securities that are:

- especially sensitive to interest rate, currency or market risks;
- designed for specific investment objectives or strategies;
- structured to meet the investment requirements of limited categories of investors; or
- not held until maturity.

**Subordinated Debt Securities**

If specified in the applicable Pricing Supplement, the indebtedness represented by Subordinated Debt Securities and the payment of principal of and interest on these Subordinated Debt Securities may be subordinated to prior payment in full of all of our Senior Obligations (as defined herein) which are due and payable. Therefore, we will not be permitted to make any payments of principal or interest on the Subordinated Debt Securities (including redeeming any redeemable Subordinated Debt Securities) while we are in default on any of our Senior Obligations. In the event of a liquidation or dissolution of Freddie Mac, our assets would not be available to pay obligations under the Subordinated Debt Securities until our Senior Obligations have been paid in full. Such Senior Obligations will be identified by category in the applicable Pricing Supplement.

In addition, there may be other terms applicable to specific offerings of Subordinated Debt Securities that would defer, limit or suspend our obligation to make any payment of principal or interest on these Subordinated Debt Securities under certain specified conditions. Moreover, Events of Default that apply to Senior Obligations may not necessarily be Events of Default for Subordinated Debt Securities. As a result, the Holders of Subordinated Debt Securities may not have the same acceleration rights as Holders of other Debt Securities. See "Description of the Debt Securities — Term Debt Securities — Subordinated Debt"
Securities,” “The Agreements — Events of Default — Global Debt Facility Agreement” and “— Rights Upon Event of Default — Global Debt Facility Agreement.” The terms and conditions of any issue of Subordinated Debt Securities will be described in the applicable Pricing Supplement.

Redeemable Term Debt Securities

We will have the option to redeem Term Debt Securities prior to their maturity, if we so provide in the related Pricing Supplement. The redemption price typically is 100% of the principal amount plus accrued interest, in the case of Term Debt Securities that bear interest, or the accreted value to the redemption date, in the case of Zero Coupon Debt Securities. These optional redemption provisions are likely to restrict the market values that the affected Term Debt Securities would otherwise have. For example, the market price of Term Debt Securities generally will not rise substantially above the redemption price during (and possibly before) any period when we may redeem such Term Debt Securities because of the increased likelihood of redemption. If we redeem a portion of an issue of Term Debt Securities, the market for the Term Debt Securities left outstanding may become less liquid, which may have an adverse effect on the market price of, or your ability to sell, such Term Debt Securities.

In general, we are most likely to redeem Term Debt Securities when prevailing interest rates and our borrowing costs are relatively low and are least likely to redeem Term Debt Securities when prevailing interest rates and our borrowing costs are relatively high. Our decision to redeem or not to redeem an issue of Term Debt Securities may also be affected by any related hedge or derivative position that we hold. If we redeem Term Debt Securities when prevailing interest rates are relatively low, you may not be able to reinvest the redemption proceeds in comparable securities with similar yields.

Some Term Debt Securities may be redeemable at a variable amount determined by reference to one or more interest rate, exchange rate or other indices. The redemption proceeds of those Term Debt Securities will vary depending on the level of the applicable index, and you may receive less than 100% of your original principal amount upon redemption.

Fixed Rate Debt Securities

Fixed Rate Debt Securities, if held to maturity, will provide return of their principal and the certainty of interest payments at a fixed rate. However, the market values of Fixed Rate Debt Securities are likely to fluctuate with changes in prevailing interest rates.

The market values of Fixed Rate Debt Securities generally will rise in a falling interest rate environment and will fall in a rising interest rate environment. This fluctuation creates risk of loss of investment capital if you dispose of these Debt Securities prior to maturity. This effect on market values is generally greater for Debt Securities having relatively long remaining terms to maturity than for Debt Securities having relatively short remaining terms to maturity.

Zero Coupon Debt Securities

An investment in Zero Coupon Debt Securities presents certain risks that are different from an investment in Fixed Rate Debt Securities that pay interest periodically. If you hold the Zero Coupon Debt Securities to maturity, they will provide return of your principal, including return of the discount, but their market value is likely to fluctuate substantially with changes in prevailing interest rates. The market value of the Zero Coupon Debt Securities generally will fall in a rising interest rate environment, creating a risk of loss of your investment capital if your circumstances do not permit you to hold the Zero Coupon Debt Securities to maturity. The market value of the Zero Coupon Debt Securities generally will rise in a falling interest rate environment. The possibility of substantial price volatility, combined with the fact that payments on the Zero Coupon Debt Securities will be made only at maturity, also could affect the secondary market for, and the liquidity of, the Zero Coupon Debt Securities which may have an adverse effect on the market value of, or your ability to sell, such Zero Coupon Debt Securities. Zero Coupon Debt Securities that are redeemable involve certain additional risks. See “Risk Factors — Various Factors Could Adversely Affect the Trading Value and Yield of Your Debt Securities — Redeemable Term Debt Securities.”

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The market values of Zero Coupon Debt Securities and other Debt Securities issued at substantial discounts tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer their remaining term, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. For example, this effect on market value is generally greater for Term Debt Securities than for Discount Notes because of the generally short terms to maturity of Discount Notes.

**Step Debt Securities**

Step Debt Securities provide for one or more prescribed increases (or decreases) in their interest rates at specified dates. However, we may have the option to redeem Step Debt Securities at the beginning of or during one or more step periods. Therefore, you should consider the likelihood that we will redeem Step Debt Securities if their subsequent interest rates exceed the interest rates then available to us for comparable borrowings.

Although the interest rate on a Step Debt Security may increase on the specified dates, the increased interest rate may be below the interest rate that you would receive on newly issued but otherwise comparable instruments with the same remaining term to maturity.

**Variable Rate Debt Securities**

If the interest rate on a Variable Rate Debt Security bears a direct relationship to a specified index or indices, lower than anticipated levels of the index or indices could result in actual yields that are lower than anticipated. Conversely, if the interest rate on a Variable Rate Debt Security bears an inverse relationship to a specified index or indices, higher than anticipated levels of the index or indices could result in actual yields that are lower than anticipated.

Inverse Variable Rate Debt Securities have an interest rate equal to a fixed rate minus a rate based upon an applicable index. The market values of inverse Variable Rate Debt Securities typically are more volatile than market values of our conventional Variable Rate Debt Securities based on the same applicable index (and with otherwise comparable terms). This is because an increase in the applicable index not only decreases the interest rate of the inverse Variable Rate Debt Security, but also often reflects an increase in prevailing interest rates, which further adversely affects the market value of these Debt Securities.

The indices applicable to Variable Rate Debt Securities are not likely to remain constant at any level. The timing of a change in the level of an applicable index may affect the actual yield you receive, even if the average level is consistent with your expectation. In general, the earlier a change in the level of an applicable index, the greater the effect on your yield, especially for Variable Rate Debt Securities that provide for repayment of principal at one or more times prior to maturity. As a result, the effect on the yield you receive of an index that is lower (or higher) than the rate anticipated during earlier periods is not likely to be offset by a later equivalent increase (or reduction). Moreover, changes in the index applicable to a particular Variable Rate Debt Security may not correlate with changes in interest rates generally or with changes in other indices. Your yield could be either adversely or positively affected if changes in the index applicable to your Variable Rate Debt Security do not reflect changes in interest rates generally.

The interest rate formula for a Variable Rate Debt Security may include a multiplier that is applied to an index in determining the applicable interest rate. In general, a multiplier of greater than one will cause changes in the interest rate of the Variable Rate Debt Security to be more pronounced than changes in the value of the applicable index, while a multiplier of less than one will have the opposite effect. Variable Rate Debt Securities with multipliers of greater than one are "leveraged," and those with multipliers of less than one are "deleveraged."

In general, the volatility associated with the level of an applicable index is higher for leveraged Variable Rate Debt Securities and lower for deleveraged Variable Rate Debt Securities. For example, the interest rate of a leveraged Variable Rate Debt Security bearing an inverse relationship to a specified index generally will decline sharply as the value of the applicable index increases. By contrast, the interest rate of
a deleveraged Variable Rate Debt Security bearing an inverse relationship to a specified index generally will decline more slowly as the value of the applicable index increases.

Investors in Variable Rate Debt Securities should also consider the effects on their interest rates and yields of any applicable Caps or Floors and of any delays in periodic interest rate adjustments. Some Variable Rate Debt Securities are Range Accrual Debt Securities, which provide for no interest to accrue during periods when the applicable index is outside a specified range. The market values of Variable Rate Debt Securities with Caps or Floors or with such a range feature generally are more volatile than those of Variable Rate Debt Securities linked to the same applicable index or indices without Caps or Floors or a range feature, especially when the applicable index or indices approach or pass the Cap or Floor or an endpoint of the applicable range.

**Fixed/Variable Rate Debt Securities**

Some Fixed/Variable Rate Debt Securities may bear interest at a rate that converts, or that we may elect to convert, from a fixed rate to a variable rate, or from a variable rate to a fixed rate. The convertibility of the interest rate will affect the secondary market and the market values of such Debt Securities. If the interest rate is convertible at our election, we may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If we convert from a fixed rate to a variable rate, the spread above or below the applicable index or indices may be less favorable than the prevailing spreads on our comparable conventional Variable Rate Debt Securities tied to the same index or indices. In addition, the new variable rate at any time may be lower than the rates on our other Variable Rate Debt Securities. If we convert from a variable rate to a fixed rate, the fixed rate may be lower than then prevailing rates on our other comparable Fixed Rate Debt Securities.

**Debt Securities with Variable or Amortizing Principal Repayment**

Term Debt Securities with Variable or Amortizing Principal Repayment Amounts provide for payments of principal or their redemption price to be determined based on one or more indices. Before purchasing such a Term Debt Security you should understand the indices used in calculating payments. These indices may fluctuate independently of other indices. Fluctuations in indices may cause you to receive principal at a different time or in a lesser amount than you anticipate.

**Debt Securities Eligible for Stripping**

Some issues of Fixed Rate Debt Securities and Step Debt Securities will be eligible to be separated ("stripped") into Interest Components and Principal Components. The related Pricing Supplement will indicate which issues of Debt Securities are eligible to be stripped. The secondary market, if any, for the Interest Components and Principal Components of stripped Debt Securities may be more limited and have less liquidity than the secondary market for Debt Securities of the same issue that have not been stripped. The liquidity of an issue of Debt Securities also may be reduced if a significant portion of the Debt Securities are stripped. See "Description of the Debt Securities — Term Debt Securities — Stripped Debt Securities" for more information on stripping.

**Legal Investment Considerations May Restrict Certain Investors**

You should consult your own legal advisors in determining whether the Debt Securities are legal investments for you and whether you can pledge the Debt Securities as collateral for various types of borrowings. In addition, if you are a financial institution, you should consult your legal advisors or regulators to determine how to treat Debt Securities under any applicable risk-based capital or similar rules.

Certain legal investment laws and regulations or regulatory authorities may restrict an institution’s investment in certain types of Debt Securities or in Debt Securities generally. An institution under the jurisdiction of regulatory agencies should review any applicable regulations, policy statements and guidelines before purchasing or pledging Debt Securities.
Credit Ratings May Not Reflect All Risks

Rating agencies may assign credit ratings to the Debt Securities. Any credit ratings assigned to Debt Securities may not reflect the potential impact of all risks related to structure, yield, market, liquidity and other factors affecting their value. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency.

DESCRIPTION OF THE DEBT SECURITIES

General

The Debt Securities will be issued pursuant to:

- Section 306(e) of the Freddie Mac Act;
- in the case of Term Debt Securities, the Global Debt Facility Agreement and the related Pricing Supplement; and
- in the case of Reference Bills and other Discount Notes, the Discount Note Agreement.

Copies of the Global Debt Facility Agreement and the Discount Note Agreement and any applicable Pricing Supplement are available as described under “Additional Information” above. By receiving and accepting a Debt Security, or an interest in a Debt Security, you agree to be bound by the terms and conditions of the applicable agreement. See “The Agreements — Binding Effect of the Agreements.”

The Debt Securities are obligations of Freddie Mac only. The Debt Securities, including any interest or return of discount on the Debt Securities, are not guaranteed by and are not debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.

We may issue an unlimited amount of Debt Securities from time to time. The Debt Securities may be issued as Reference Securities, which are U.S. dollar denominated, scheduled issues in large principal amounts. Our current Reference Securities are:

- Reference Bills — U.S. dollar denominated, non-callable Debt Securities with maturities of one year or less
- Reference Notes — U.S. dollar denominated, non-callable Debt Securities with maturities of more than one year
- Callable Reference Notes — U.S. dollar denominated, callable Debt Securities with maturities of more than one year
- Reference Bonds — U.S. dollar denominated, non-callable Debt Securities with maturities of more than ten years

Issuances may consist of new issues of Reference Securities or reopenings of an existing issue.

We may issue other Debt Securities, denominated in U.S. dollars or other currencies, with maturities of one day or longer. These Debt Securities will have various terms, as described in this Offering Circular and any applicable Pricing Supplement, and may be:

- Discount Notes — U.S. dollar denominated non-callable, non-interest-bearing Debt Securities with maturities of one year or less
- Notes — callable or non-callable Term Debt Securities with maturities of more than one year
- Bonds — callable or non-callable Term Debt Securities with maturities of more than ten years

We will issue the Debt Securities in book-entry, global registered or definitive registered form. The FRBNY will act as fiscal agent for Fed Book-Entry Debt Securities under the Fiscal Agency Agreement between Freddie Mac and the FRBNY. Citibank — London will act as Global Agent for Registered Debt.
OFFERING CIRCULAR

Fannie Mae.

Universal Debt Facility

Debt Securities with maturities of one day or longer

Fannie Mae may offer an unlimited amount of Debt Securities with maturities of one day or longer from time to time under our Universal Debt Facility, including:

- Benchmark Bills
- Benchmark Bonds
- Benchmark Notes
- Subordinated Benchmark Notes
- Short-Term Notes
- Notes
- Bonds

The Debt Securities will have various terms, as described in this Offering Circular and any applicable pricing supplement. You should read this Offering Circular and any applicable pricing supplement carefully before you invest.

The Debt Securities, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannie Mae.

Neither the SEC nor any state securities commission has approved or disapproved these Debt Securities or determined if this Offering Circular, any Pricing Supplement, any Final Terms document, or any other supplement or amendment is truthful or complete. Any representation to the contrary is a criminal offense.

An investment in the Debt Securities involves certain risks, and the Debt Securities may not be a suitable investment for all investors. See the "Risk Factors" beginning on Page 9 of this Offering Circular for a discussion of certain risks that should be considered in connection with any investment in the Debt Securities.

We may sell Debt Securities to or through one or more Dealers as principal or otherwise, or directly to institutional investors. We cannot assure you that there will be a secondary market for the Debt Securities or how liquid the market will be if one develops.

We have made an application for certain of our Debt Securities issued under this Offering Circular to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market.

This Offering Circular replaces and supersedes the Offering Circular, dated March 19, 2007 for issues pricing on or after April 7, 2008.

The date of this Offering Circular is April 1, 2008.

"Benchmark Bills", "Benchmark Bonds" and "Benchmark Notes" are registered trademarks of Fannie Mae.
Stabilization

In connection with any issue of Debt Securities, a Dealer identified as stabilizing manager in the applicable Pricing Supplement may, subject to applicable laws and regulations, overallot or effect transactions which stabilize or maintain the market price of the Debt Securities at such issue at a level above that which might otherwise prevail in the open market. Such transactions may be effected on any exchange on which the Debt Securities may be listed, in an over-the-counter market or otherwise. Such stabilization, if commenced, may be discontinued at any time.

Selling Restrictions

We are not required to register the Debt Securities under the U.S. Securities Act of 1933, as amended. Accordingly, we have not filed a registration statement with the U.S. Securities and Exchange Commission (the “SEC”) with respect to the Debt Securities. The Debt Securities are “exempted securities” within the meaning of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

We may not communicate this Offering Circular, any Pricing Supplement, any Final Terms document, or any other supplement in the United Kingdom to any person unless that person falls within Article 19 or Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or is a person to whom we may otherwise lawfully communicate this Offering Circular, any Pricing Supplement, any Final Terms document, or any other supplement. We have not registered the Debt Securities under the Financial Instruments and Exchange Law of Japan (Law No. 55 of 1948, as amended) (the “Financial Instruments and Exchange Law”), and we may not make offers and sales, direct or indirect, of Debt Securities in Japan or to any resident of Japan or to any person for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except in compliance with, or pursuant to an exemption from, the registration requirements of the Financial Instruments and Exchange Law available thereunder and in compliance with other relevant laws of Japan. For a further description of restrictions on offers, sales and deliveries of the Debt Securities and on the distribution of this Offering Circular, any Pricing Supplement, any Final Terms document, or any other supplement hereto, see “Plan of Distribution—Selling Restrictions” and Appendix E.

The distribution of this Offering Circular, any Pricing Supplement, any Final Terms document, or any other supplement and the offer, sale, and delivery of Debt Securities in certain jurisdictions may be restricted by law. Persons who come into possession of this Offering Circular, any Pricing Supplement or any other supplement must inform themselves about and observe any applicable restrictions.

This Offering Circular, any Pricing Supplement, any Final Terms document, or any other supplement is not an offer to sell or a solicitation of an offer to buy any securities other than the Debt Securities or an offer to sell or a solicitation of an offer to buy Debt Securities in any jurisdiction or in any other circumstance in which an offer or solicitation is unlawful or not authorized.

Euro MTF Market of the Luxembourg Stock Exchange

The operator of the Euro MTF market of the Luxembourg Stock Exchange (the “Euro MTF market”) assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained or incorporated by reference in this Offering Circular. Admission to listing is made on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF market is not to be taken as an indication of the merits of Fannie Mae or the Debt Securities. This Offering Circular is a “Base Prospectus” under Luxembourg law regarding prospectuses for securities, effective July 10, 2005.

Pricing Supplements and Final Terms documents Relating to Specific Debt Securities

When we offer Debt Securities other than Benchmark Bills or Short-Term Notes, we will provide you with a “Pricing Supplement” describing the terms of the specific issue of Debt Securities, including the offering price. If we intend to list an issue of Debt Securities (other than Benchmark Bills or Short-Term Notes) on the Official List of the Luxembourg Stock Exchange and admit them to the Euro MTF market, we will also provide the Luxembourg Stock Exchange with a “Final Terms” document describing the terms of the specific issue of Debt Securities, including the net proceeds and offering price. The Pricing Supplement also may amend or supplement this Offering Circular with respect to a specific issue of Debt Securities. You should read the Pricing Supplement and any other applicable supplement together with this Offering Circular.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Information</td>
<td>4</td>
</tr>
<tr>
<td>Summary</td>
<td>5</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>9</td>
</tr>
<tr>
<td>Risk Factors</td>
<td>9</td>
</tr>
<tr>
<td>Forward Looking Statements</td>
<td>26</td>
</tr>
<tr>
<td>Capitalization</td>
<td>28</td>
</tr>
<tr>
<td>Selected Financial Information</td>
<td>30</td>
</tr>
<tr>
<td>Description of the Debt Securities</td>
<td>33</td>
</tr>
<tr>
<td>Clearance and Settlement</td>
<td>53</td>
</tr>
<tr>
<td>United States Taxation</td>
<td>56</td>
</tr>
<tr>
<td>Plan of Distribution</td>
<td>70</td>
</tr>
<tr>
<td>Independent Registered Public Accounting Firm</td>
<td>72</td>
</tr>
<tr>
<td>Validity of the Debt Securities</td>
<td>72</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>73</td>
</tr>
<tr>
<td>General Information</td>
<td>73</td>
</tr>
<tr>
<td>Appendix A: Benchmark Securities</td>
<td>A-1</td>
</tr>
<tr>
<td>Appendix B: Benchmark Bills and Short-Term Notes</td>
<td>B-1</td>
</tr>
<tr>
<td>Appendix C: Subordinated Benchmark Notes and Other Subordinated Debt Securities</td>
<td>C-1</td>
</tr>
<tr>
<td>Appendix D: Index Descriptions</td>
<td>D-1</td>
</tr>
<tr>
<td>Appendix E: Selling Restrictions</td>
<td>E-1</td>
</tr>
<tr>
<td>Appendix F: Redenomination to the Euro</td>
<td>F-1</td>
</tr>
<tr>
<td>Appendix G: Targeted Registered Debt Securities</td>
<td>G-1</td>
</tr>
</tbody>
</table>
ADDITIONAL INFORMATION

You should read this Offering Circular together with:

- our Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC on February 27, 2008 (the "2007 10-K");
- all Current Reports on Form 8-K from December 31, 2007 until (and including) the date of this Offering Circular, excluding any information "furnished" to the SEC on Form 8-K; and
- proxy soliciting materials that we file with the SEC, and all documents that we file with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act, after the date of this Offering Circular and prior to the termination of the offering of the Debt Securities, excluding any information we "furnish" to the SEC on Form 8-K.

This Offering Circular incorporates these documents by reference, which means that we are disclosing information to you by referring to these documents rather than by providing you with separate copies. They are considered part of this Offering Circular and you should read them before you consider an investment in our Debt Securities. You should rely only on the most up-to-date information.

Our common stock is registered with the SEC under the Exchange Act, and our SEC filings are available on our website at www.fanniemae.com and on the SEC's website at www.sec.gov. We are referring these websites to you for your reference only, and we are not incorporating in this Offering Circular all of the information available on these websites. You should rely only on the information included as incorporated by reference or deemed to be incorporated by reference in this Offering Circular in deciding whether or not to invest in our Debt Securities. We have not authorized anyone to provide you with any different or additional information.

You can obtain paper copies of this Offering Circular and the documents incorporated by reference herein without charge by contacting our Office of Investor Relations, Fannie Mae, 3000 Wisconsin Avenue, NW, Washington D.C. 20016, telephone: (202) 752-7115. You may also read and copy any document we file with or furnish to the SEC by visiting the SEC's Public Reference Room at 100 F Street, NE, Washington D.C. 20549; telephone 1-800-SEC-0330 for further information. In addition, you may read our SEC filings at the offices of the New York Stock Exchange ("NYSE"), which is located at 20 Broad Street, New York, NY 10005, and if and as long as any Debt Securities are traded on the Euro MTF market, from Dexia Banque Internationale à Luxembourg, 69, route d’Ech, L-2935 Luxembourg, telephone: (352) 45 90 1.

You may obtain copies of this Offering Circular and any supplements or amendments from Dealers where it is lawful to do so. In connection with the initial distribution of an issue of Debt Securities other than Benchmark Bills and Short-Term Notes, you also should obtain the applicable Pricing Supplement from the Dealers for the Issue.

This Offering Circular, pricing supplements and current interest rate information on variable rate Debt Securities is also available on our website at www.fanniemae.com, or by calling Fannie Mae's securities hotline toll-free at (888) 256-3457, or for international callers, at (302) 752-8510.

4
SUMMARY

This summary highlights information contained elsewhere in this Offering Circular, including in the Appendices. It does not contain all of the information you should consider before investing in the Debt Securities. You also should read the more detailed information in this Offering Circular and any applicable supplement, including any Pricing Supplement for a particular issue of Debt Securities. This Offering Circular sets forth the general terms of the Debt Securities; the applicable Pricing Supplement, or other supplement will describe the particular terms of any issue of Debt Securities (other than Benchmark Bills and Short-Term Notes), and the extent, if any, that any of the general terms will not apply to particular Debt Securities. You should read Appendix B for more specific information regarding Benchmark Bills and Short-Term Notes and Appendix C for more specific information regarding Subordinated Benchmark Notes and other Subordinated Debt Securities.

Fannie Mae

Fannie Mae is a government-sponsored enterprise (a “GSE”) chartered by the U.S. Congress under the name “Federal National Mortgage Association” and is aligned with national policies to support expanded access to housing and increased opportunities for homeownership. We are subject to government oversight and regulation, and our regulators include the Office of Federal Housing Enterprise Oversight (“OFHEO”), the Department of Housing and Urban Development (“HUD”), the SEC and the Department of the Treasury.

While Fannie Mae is a Congressionally-chartered enterprise, the U.S. government does not guarantee, directly or indirectly, our securities or other obligations. We are a stockholder-owned corporation, and our business is self-sustaining and funded exclusively with private capital. Our common stock is listed on the New York Stock Exchange and our debt securities are actively traded in the over-the-counter market.

Description of the Debt Securities

Issuer .......................... Fannie Mae

Benchmark Securities.......... We may issue Benchmark Securities, which are U.S. dollar denominated issues in large principal amounts, in the form of Benchmark Bills, Benchmark Notes, Benchmark Bonds and Subordinated Benchmark Notes. Issuances may consist of new issues of Benchmark Securities or the “reopening” of an existing issue.

Other Debt Securities......... We plan to issue other Debt Securities from time to time denominated in U.S. dollars or other currencies with maturities of one day or longer. We will issue these Debt Securities as Short-Term Notes, Notes or Bonds.

Pricing Supplement/Final Terms .......................... We will describe in a Pricing Supplement or other supplement specific terms, pricing information and other information for each issue of Debt Securities other than Benchmark Bills or Short-Term Notes.

Amount .......................... We may issue an unlimited amount of Debt Securities.

Specified Currencies ............... Debt Securities may be denominated in, and principal and interest on Debt Securities may be paid in, U.S. dollars and other
currencies or currency units that we determine. Government or
monetary authorities may require that debt securities denomi-
nated in certain currencies or currency units have certain de-
nominations or have minimum or maximum maturities.

Denomination: We will issue U.S. dollar denominated Debt Securities in mini-
num denominations of U.S. $1,000 and additional increments of
U.S. $1,000, unless otherwise specified in the applicable
Pricing Supplement. We will issue non-U.S. dollar denominated
Short-Term Notes in the denominations listed in Appendix B.

Principal Amount: The principal amount payable at maturity may be a fixed amount,
which may be par or a specified amount above or below par. The
principal amount payable at maturity also may be a variable
amount determined by reference to one or more indices, such as
interest or exchange rate indices, or other formulas. The principal
may be amortized through periodic payments during the
term of the Debt Securities.

Interest: Debt Securities may bear interest at fixed or variable rates (or a
combination of fixed and variable rates), or may bear interest
that is indexed by reference to an interest or currency exchange
rate or in some other manner, or may not bear interest.

Offering Price: Debt Securities will be offered at fixed prices equal to par, or a
discount to or premium over par, or at varying prices relating to
prevailing market prices at the time of resale as determined by
the applicable Dealer.

No Acceleration Rights: The Debt Securities will not contain any provisions permitting the
holders to accelerate the maturity of the Debt Securities if a
default or other event occurs.

Form: We will issue Debt Securities in book-entry form either through
the U.S. Federal Reserve Banks ("Fed Book-Entry Securities")
or through another depository. Except in the limited circum-
stances described in this Offering Circular, we will not issue
Debt Securities in definitive form.

Eligibility for Stripping: The Pricing Supplement will indicate whether Fed Book-Entry
Securities will be eligible to be separated ("stripped") into their
separate interest and principal components on the book-entry
records of the Federal Reserve Bank of New York.

Status: The Debt Securities will be unsecured general obligations of
Fannie Mae issued under Section 304(b) of the Federal Na-
tional Mortgage Association Charter Act (the "Charter Act")
or unsecured subordinated obligations of Fannie Mae issued
under Section 304(e) of the Charter Act. The Debt Securities,
together with interest thereon, are not guaranteed by the United
States and do not constitute a debt or obligation of the United
States or of any agency or instrumentality thereof other than
Fannie Mae.

Redemption: The Pricing Supplement for a particular issue of Debt Securities
will specify whether the Debt Securities are subject to
mandatory or optional redemption, in whole or in part, prior to maturity and, if redeemable, will describe terms applicable to the redemption. Benchmark Bills and Short-Term Notes will not be redeemable prior to maturity.

Governing Law

Fed Book-Entry Securities (including rights and obligations) will be governed by, and construed in accordance with, regulations adopted by HUD or any other U.S. governmental body or agency that are applicable to the Fed Book-Entry Securities, and, to the extent that these regulations do not apply, the laws of the State of New York, U.S.A. Global Book-Entry Securities will be governed by, and construed in accordance with, the laws of the State of New York, U.S.A.

Tax Status

The Debt Securities and payments thereon generally are subject to taxation by the United States and generally are not exempt from taxation by other U.S. or non-U.S. taxing jurisdictions. Non-U.S. Persons generally will be subject to U.S. income and withholding tax unless they provide required certifications or statements.

Listing

The Pricing Supplement relating to each issue of Debt Securities will indicate the exchange, if any, on which we will list or apply to list the Debt Securities. We have made an application for certain Debt Securities issued under this Universal Debt Facility to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF market. The current minimum maturity for Debt Securities traded on the Euro MTF market is seven days. We also may issue unlisted Debt Securities and Debt Securities listed on other exchanges.

Clearance and Settlement

Clearance and Settlement

Depending on the terms of an issue of Debt Securities and where those Debt Securities are to be offered, Debt Securities may clear and settle through one or more of the following:

- the U.S. Federal Reserve Banks;
- DTC;
- Euroclear;
- Clearstream; or
- other designated clearing systems.

We expect most issues of Debt Securities denominated and payable in U.S. dollars, including all Benchmark Securities, to clear and settle through the Fed Book-Entry System. These Debt Securities generally may be held indirectly through other clearing systems, such as the systems operated by Euroclear and Clearstream.

We expect issues of Debt Securities denominated or payable in a Specified Currency other than U.S. dollars (and Debt Securities
denominated and payable in U.S. dollars not cleared and settled
through the Fed Book-Entry System) to clear and settle
through the systems operated by DTC, and indirectly through
Euroclear and Clearstream. We expect issues of Debt Securities
distributed solely outside of the United States to clear and settle
through the systems operated by Euroclear, Clearstream or
other designated clearing systems and, in some cases, DTC,
irrespective of the Specified Currency in which the Debt Securi-
ties are denominated or payable.

**Fiscal and Global Agents**

**Fiscal Agents**
The Federal Reserve Bank of New York will act as fiscal agent for
Benchmark Bills and for Short-Term Notes that are Fed Book-
Entry Securities. The U.S. Federal Reserve Banks will act as
fiscal agent for other Fed Book-Entry Securities.

**Global Agent**
The Bank of New York will act as global agent for Global Book-
Entry Securities.

**Distribution of Debt Securities**

**Method of Distribution/Dealers**
We generally will sell Debt Securities to Dealers acting as princi-
pal, whether individually or in a syndicate, for resale to inves-
tors either at a fixed price or at varying prices determined by the
Dealers. Alternatively, Debt Securities may be sold through
Dealers on a non-underwritten basis or may be sold by us
directly to institutional investors.

**Selling Restrictions**
Restrictions exist in certain jurisdictions on the Dealers' offer, sale
and delivery of Debt Securities and the distribution of offering
materials relating to the Debt Securities.

**Secondary Market Information**
Dealers have agreed to provide, for Benchmark Securities, indica-
tive pricing information.
Fannie Mae

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq. (the "Charter Act"). See "Business—Our Charter and Regulation of Our Activities" in our 2007 10-K for further information. We were established in 1938 as a United States government agency to provide stability and liquidity to the mortgage market and were transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968.

Our business operates within the U.S. residential mortgage market. We operate an integrated business that contributes to providing liquidity and stability to the U.S. residential mortgage market and increasing the availability and affordability of housing in the United States. See "Business" in our 2007 10-K for further information.

Our principal customers are lenders that operate within the primary mortgage market by originating mortgage loans for homebuyers and for current homeowners refinancing their existing mortgage loans. Lenders originating mortgages in the primary market often sell them in the secondary market in the form of loans or mortgage-related securities. We operate in the secondary mortgage market, where we securitize mortgage loans originated by lenders into Fannie Mae mortgage-backed securities ("Fannie Mae MBS") and other mortgage-related securities and purchase mortgage loans (often referred to as "whole loans") and mortgage-related securities for our mortgage portfolio. By selling loans and mortgage-related securities to us, lenders replenish their funds and, consequently, are able to make additional loans. Pursuant to the Charter Act, we do not lend money directly to consumers in the primary mortgage market.

Our principal office is located at 3900 Wisconsin Avenue, NW, Washington, D.C. 20016 (telephone: (202) 752-7000).

RISK FACTORS

This section describes the principal risks with respect to the Debt Securities. There may be other risks not discussed below or discussed in a supplement to this Offering Circular that you should consider. These risks depend on a number of factors, including financial, economic and political events, that are beyond our control.

You should consult with your own financial and legal advisors about the risks related to an investment in a particular issue of Debt Securities, the appropriate tools and metrics to analyze that investment, and the suitability of that issue of Debt Securities to your particular circumstances. You should only purchase Debt Securities if you have read and understand the information contained in this Offering Circular, including this "Risk Factors" section, the applicable Pricing Supplement or Final Terms for the Debt Securities, and the documents incorporated by reference in this Offering Circular.

Risks Related to our Business and Industry

Increased delinquencies and credit losses relating to the mortgage assets that we own or that back our guaranteed Fannie Mae MBS continue to adversely affect our earnings, financial condition and capital position.

We are exposed to credit risk relating to both the mortgage assets that we hold in our investment portfolio and the mortgage assets that back our guaranteed Fannie Mae MBS. Borrowers of mortgage loans that we own or that back our guaranteed Fannie Mae MBS may fail to make required payments of principal and interest on those loans, exposing us to the risk of credit losses.

We have experienced increased mortgage loan delinquencies and credit losses, which had a material adverse effect on our earnings, financial condition and capital position in 2007. Weak economic conditions in the Midwest and home price declines on a national basis, particularly in
Florida, California, Nevada and Arizona, increased our single-family serious delinquency rate and contributed to higher default rates and loan loss severities in 2007. We are experiencing high serious delinquency rates and credit losses across our conventional single-family mortgage business, especially for loans to borrowers with low credit scores and loans with high loan-to-value ratios. In addition, in 2007 we experienced particularly rapid increases in serious delinquency rates and credit losses in some higher risk loan categories, such as Alt-A loans, adjustable-rate loans, interest-only loans, negative amortization loans, loans made for the purchase of condominiums and loans with second liens. Many of these higher risk loans were originated in 2006 and the first half of 2007. Refer to the 2007 10-K for the percentage that each of these loan categories represents of our total conventional single-family mortgage credit book of business.

We expect these trends to continue and that we will experience increased delinquencies and credit losses in 2008 as compared to 2007. The amount by which delinquencies and credit losses will increase in 2008 will depend on a variety of factors, including the extent of national and regional declines in home prices, interest rates and employment rates. In particular, we expect that the onset of a recession, either in the United States as a whole or in specific regions of the country, would significantly increase the level of our delinquencies and credit losses. Increases in our credit-related expenses would reduce our earnings and adversely affect our capital position and financial condition.

We may experience further write-downs and losses relating to our investment securities due to volatile and illiquid market conditions, which could adversely affect our earnings, liquidity, capital position and financial condition.

During 2007, we experienced an increase in losses on trading securities and in unrealized losses on available-for-sale securities due to a significant widening of credit spreads. Our net losses on trading securities totaled $85 million in 2007. In addition, we recorded $814 million in other-than-temporary impairment on available-for-sale securities in 2007. Of this amount, $160 million related to other-than-temporary impairment on our investments in subprime private-label securities. We also recorded in accumulated other comprehensive income an additional $3.3 billion in unrealized losses on Alt-A and subprime private-label securities classified as available-for-sale. We have not recognized other-than-temporary impairment with respect to these securities because we believe it is probable we will collect all of the contractual amounts due and we currently have the intent and ability to hold these securities until they reach their par value or until maturity. As market conditions continue to evolve, however, the fair value of these securities could decline further. The credit ratings of some of the subprime and Alt-A private-label securities held in our portfolio have been downgraded or placed under review for possible downgrades in recent months. Mortgage loan delinquencies and credit losses have also increased in recent months, particularly in the subprime and Alt-A sectors. If, in the future, we determine that additional subprime and Alt-A private-label securities classified as available-for-sale and in unrealized loss positions have become other-than-temporarily impaired, or if we change our investment intent with respect to these securities and no longer expect to hold the securities until they recover their value or until maturity, we would experience further significant losses or other-than-temporary impairment relating to these securities. See the 2007 10-K for more detailed information on our investments in private-label securities backed by subprime and Alt-A loans.

The significant widening of credit spreads that has occurred since July 2007 also could further reduce the fair value of our other investment securities, particularly those securities that are less liquid and more subject to volatility, such as commercial mortgage-backed securities and mortgage revenue bonds. As a result, we also could experience further significant losses or other-than-temporary impairment on other investment securities in our mortgage portfolio or our liquid investment portfolio.

In addition, market illiquidity has increased the amount of management judgment required to value certain of our securities. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the value of our investment securities in the future. If we decide to sell any of these securities, the price we ultimately realize will depend on the demand and liquidity in the market.
at that time and may be materially lower than their current fair value. Any of these factors could require us to take further write-downs in the value of our investment portfolio, which would have an adverse effect on our earnings, liquidity, capital position and financial condition in the future.

Continued declines in our earnings would have a negative effect on our regulatory capital position.

We are required to meet various capital standards, including a requirement that our core capital equal or exceed both our statutory minimum capital requirement and a higher OFHEO-directed minimum capital requirement. Our combined earnings are a component of our core capital. Accordingly, the level of our core capital can fluctuate significantly depending on our financial results. We recorded a net loss of $2.1 billion in 2007. We expect some or all of the market conditions that contributed to this loss to continue and therefore to continue to adversely affect our earnings and, as a result, the amount of our core capital. In order to continue to meet our statutory and OFHEO-directed minimum capital requirements, we may be required to take actions, or refrain from taking actions, to ensure that we maintain or increase our core capital. These actions have included, and in the future may include, reducing the size of our investment portfolio through liquidations or by selling assets at a time when we believe that it would be economically advantageous to continue to hold the assets, limiting or forgoing attractive opportunities to acquire or securitize assets, reducing or eliminating our common stock dividend, and issuing additional preferred equity securities, which in general is a more expensive method of funding our operations than issuing debt securities. We also may issue convertible preferred securities or additional shares of common stock to maintain or increase our core capital, which we expect would dilute the investment in the company of the existing holders of our common stock. These actions also may reduce our future earnings.

We depend on our institutional counterparties to provide services that are critical to our business. If one or more of our institutional counterparties defaults on its obligations to us or becomes insolvent, it could materially adversely affect our earnings, liquidity, capital position and financial condition.

We face the risk that one or more of our institutional counterparties may fail to fulfill their contractual obligations to us. Our primary exposures to institutional counterparty risk are with mortgage servicers that service the loans we hold in our investment portfolio or that back our Fannie Mae MBS; third-party providers of credit enhancement on the mortgage assets that we hold in our investment portfolio or that back our Fannie Mae MBS, including mortgage insurers, lenders with risk sharing arrangements, and financial guarantors; custodial depository institutions that hold principal and interest payments for Fannie Mae MBS certificate holders; issuers of securities held in our liquid investment portfolio; and derivatives counterparties. Refer to the 2007 10-K for a detailed description of the risk posed by each of these types of counterparties.

The challenging mortgage and credit market conditions have adversely affected, and will likely continue to adversely affect, the liquidity and financial condition of a number of our institutional counterparties, particularly those whose businesses are concentrated in the mortgage industry. One or more of these institutions may default in its obligations to us for a number of reasons, such as changes in financial condition that affect their credit ratings, a reduction in liquidity, operational failures or insolvency. Several of our institutional counterparties have experienced ratings downgrades and liquidity constraints, including Countrywide Financial Corporation and its affiliates, which is our largest lender customer and mortgage servicer. These and other key institutional counterparties may become subject to serious liquidity problems that, either temporarily or permanently, negatively affect the viability of their business plans or reduce their access to funding sources. The financial difficulties that a number of our institutional counterparties are currently experiencing may negatively affect the ability of these counterparties to meet their obligations to us and the amount or quality of the products or services they provide to us. A default by a counterparty with significant obligations to us could result in significant financial losses to us and could materially adversely affect our ability to conduct our operations, which would adversely affect our earnings, liquidity, capital position and financial condition.
Our business with many of our institutional counterparties is heavily concentrated, which increases the risk that we could experience significant losses if one or more of our institutional counterparties defaults in its obligations to us or becomes insolvent.

Our business with our lender customers, mortgage servicers, mortgage insurers, financial guarantors, custodial depository institutions and derivatives counterparties is heavily concentrated. For example, ten single-family mortgage servicers serviced 74% of our single-family mortgage credit book of business as of December 31, 2007. In addition, Countrywide Financial Corporation and its affiliates, our largest single-family mortgage servicer, serviced 23% of our single-family mortgage credit book of business as of December 31, 2007. Also, seven mortgage insurance companies provided over 9% of our total mortgage insurance coverage of $104.1 billion as of December 31, 2007, and our ten largest custodial depository institutions held 89% of our $32.5 billion in deposits for scheduled Fannie Mae MBS payments in December 2007.

Moreover, many of our counterparties provide several types of services to us. For example, many of our lender customers or their affiliates also act as mortgage servicers, custodial depository institutions and document custodians for us. Accordingly, if one of these counterparties were to become insolvent or otherwise default on its obligations to us, it could harm our business and financial results in a variety of ways. A default by any counterparty with significant obligations to us could adversely affect our ability to conduct our operations efficiently and at cost-effective rates, which in turn could materially adversely affect our earnings, liquidity, capital position and financial condition. Refer to the 2007 10-K for a detailed description of our business concentrations with each type of counterparty.

We have several key lender customers, and the loss of business volume from any one of these customers could adversely affect our business and result in a decrease in our market share and earnings.

Our ability to generate revenue from the purchase and securitization of mortgage loans depends on our ability to acquire a steady flow of mortgage loans from the originators of those loans. We acquire a significant portion of our mortgage loans from several large mortgage lenders. During 2007, our top five lender customers accounted for approximately 56% of our single-family business volume. Accordingly, maintaining our current business relationships and business volumes with our top lender customers is critical to our business. Some of our lender customers are experiencing, or may experience in the future, liquidity problems that would affect the volume of business they are able to generate. If any of our key lender customers significantly reduces the volume or quality of mortgage loans that the lender delivers to us or that we are willing to buy from them, we could lose significant business volume that we might be unable to replace, which could adversely affect our business and result in a decrease in our market share and earnings. In addition, a significant reduction in the volume of mortgage loans that we securitize could reduce the liquidity of Fannie Mae MBS, which in turn could have an adverse effect on their market value.


We cannot predict at this time whether or when this merger will be completed and what effect the merger, if completed, will have on our relationship with Countrywide and Bank of America. Following the merger, we could lose significant business volume that we might be unable to replace, which could adversely affect our business and result in a decrease in our earnings and market share.

CONFIDENTIAL TREATMENT REQUESTED
Changes in option-adjusted spreads or interest rates, or our inability to manage interest rate risk successfully, could have a material adverse effect on our earnings, liquidity, capital position and financial condition.

We fund our operations primarily through the issuance of debt and invest our funds primarily in mortgage related assets that permit the mortgage borrowers to prepay the mortgages at any time. These business activities expose us to market risk, which is the risk of loss from adverse changes in market conditions. Our most significant market risks are interest rate risk and option-adjusted spread risk. Changes in interest rates affect both the value of our mortgage assets and prepayment rates on our mortgage loans.

Option-adjusted spread risk is the risk that the option-adjusted spreads on our mortgage assets relative to those on our funding and hedging instruments (referred to as the “OAS of our net mortgage assets”) may increase or decrease. These increases or decreases may be a result of market supply and demand dynamics. A widening, or increase, of the OAS of our net mortgage assets typically causes a decline in the fair value of the company and a decrease in our earnings and capital. A narrowing, or decrease, of the OAS of our net mortgage assets reduces our opportunities to acquire mortgage assets and therefore could have a material adverse effect on our future earnings and financial condition. We do not attempt to actively manage or hedge the impact of changes in the OAS of our net mortgage assets after we purchase mortgage assets, other than through asset monitoring and disposition.

Changes in interest rate could have a material adverse effect on our earnings, liquidity, capital position and financial condition. Our ability to manage interest rate risk depends on our ability to issue debt instruments with a range of maturities and other features at attractive rates and to engage in derivative transactions. We must exercise judgment in selecting the amount, type and mix of debt and derivative instruments that will most effectively manage our interest rate risk. The amount, type and mix of financial instruments we select may not offset possible future changes in the spread between our borrowing costs and the interest we earn on our mortgage assets.

We rely on internal models to manage risk and to make business decisions. Our business could be adversely affected if those models fail to produce reliable results.

We make significant use of business and financial models to measure and monitor our risk exposures. The information provided by these models is also used in making business decisions relating to strategies, initiatives, transactions and products. Models are inherently imperfect predictors of actual results because they are based on data available to us and our assumptions about factors such as future loan demand, prepayment speeds, default rates, severity rates and other factors that may overstate or understate future experience. When market conditions change rapidly and dramatically, as they have since July of 2007, the assumptions that we use for our models may not keep pace with changing conditions. Incorrect data or assumptions in our models are likely to produce unreliable results. If our models fail to produce reliable results, we may not make appropriate risk management or business decisions, which could adversely affect our earnings, liquidity, capital position and financial condition.

In many cases, our accounting policies and methods, which are fundamental to how we report our financial condition and results of operations, require management to make judgments and estimates about matters that are inherently uncertain. Management also may rely on the use of models in making estimates about these matters.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in applying many of these accounting policies and methods so that these policies and methods comply with GAAP and reflect management’s judgment of the most appropriate manner to report our financial condition and results of operations. In some cases, management must select the appropriate accounting policy or method from two or more alternatives, any of which might be reasonable under the circumstances but
might affect the amounts of assets, liabilities, revenues and expenses that we report. See the 2007 10-K for a description of our significant accounting policies.

We have identified three accounting policies as critical to the presentation of our financial condition and results of operations. These accounting policies are described in the "Critical Accounting Policies and Estimates" section of the 2007 10-K. We believe these policies are critical because they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be reported under different conditions or using different assumptions. Due to the complexity of these critical accounting policies, our accounting methods relating to these policies involve substantial use of models. Models are inherently imperfect predictors of actual results because they are based on assumptions, including assumptions about future events. Our models may not include assumptions that reflect very positive or very negative market conditions and, accordingly, our actual results could differ significantly from those generated by our models. As a result, the estimates that we use to prepare our financial statements, as well as our estimates of our future results of operations, may be inaccurate, potentially significantly.

Our ability to operate our business, meet our obligations and generate net interest income depends primarily on our ability to issue substantial amounts of debt frequently and at attractive rates.

The issuance of short-term and long-term debt securities in the domestic and international capital markets is our primary source of funding for our purchases of assets for our mortgage portfolio and for repaying or refinancing our existing debt. Moreover, a primary source of our revenue is the net interest income we earn from the difference, or spread, between the return that we receive on our mortgage assets and our borrowing costs. Our ability to obtain funds through the issuance of debt, and the cost at which we are able to obtain these funds, depends on many factors, including:

- our corporate and regulatory structure, including our status as a GSE;
- legislative or regulatory actions relating to our business, including any actions that would affect our GSE status or add additional requirements that would restrict or reduce our ability to issue debt;
- our credit ratings, including rating agency actions relating to our credit ratings;
- our financial results and changes in our financial condition;
- significant events relating to our business or industry;
- the public's perception of the risks to and financial prospects of our business or industry;
- the preferences of debt investors;
- the breadth of our investor base;
- prevailing conditions in the capital markets;
- foreign exchange rates;
- interest rate fluctuations;
- the rate of inflation;
- competition from other issuers of AAA-rated agency debt;
- general economic conditions in the U.S. and abroad; and
- broader trade and political considerations among the U.S. and other countries.

If we are unable to issue debt securities at attractive rates in amounts sufficient to operate our business and meet our obligations, it would have a material adverse effect on our liquidity, earnings and financial condition.
A decrease in our current credit ratings would have an adverse effect on our ability to issue debt on acceptable terms, which would reduce our earnings and materially adversely affect our ability to conduct our normal business operations and our liquidity and financial condition.

Our borrowing costs and our broad access to the debt capital markets depend in large part on our high credit ratings, particularly on our senior unsecured debt. Our ratings are subject to revision or withdrawal at any time by the rating agencies. Any reduction in our credit ratings could increase our borrowing costs, limit our access to the capital markets and trigger additional collateral requirements under our derivatives contracts and other borrowing arrangements. A substantial reduction in our credit ratings would reduce our earnings and materially adversely affect our liquidity, our ability to conduct our normal business operations and our financial condition. Our credit ratings and ratings outlook is included in the 2007 10-K.

Our business is subject to laws and regulations that restrict our activities and operations, which may adversely affect our earnings, liquidity and financial condition.

As a federally chartered corporation, we are subject to the limitations imposed by the Charter Act, extensive regulation, supervision and examination by OFHEO and HUD, and regulation by other federal agencies, including the Department of the Treasury and the SEC. We are also subject to many laws and regulations that affect our business, including those regarding taxation and privacy. In addition, the policy, approach or regulatory philosophy of these agencies can materially affect our business.

Regulation by OFHEO could adversely affect our earnings and financial condition. OFHEO has broad authority to regulate our operations and management in order to ensure our financial safety and soundness. For example, OFHEO has required that we maintain a capital surplus over our statutory minimum capital requirement. This restriction limits the amount of mortgage assets that we are able to purchase and securitize, which limits our ability to grow our mortgage credit book of business. As a result, this restriction could negatively impact our earnings. Similarly, any new or additional regulations that OFHEO may adopt in the future could adversely affect our future earnings and financial condition. If we fail to comply with any of our agreements with OFHEO or with any OFHEO regulation, including those relating to our capital requirements, we may incur penalties and could be subject to further restrictions on our activities and operations, or to investigation and enforcement actions by OFHEO.

Regulation by HUD and Charter Act limitations could adversely affect our market share, earnings and financial condition. HUD supervises our compliance with the Charter Act, which defines our permissible business activities. For example, we may not purchase single-family loans in excess of the conforming loan limits. In addition, under the Charter Act, our business is limited to the U.S. housing finance sector. As a result of these limitations on our ability to diversify our operations, our financial condition and earnings depend almost entirely on conditions in a single sector of the U.S. economy, specifically, the U.S. housing market. Our substantial reliance on conditions in the U.S. housing market may adversely affect the investment returns we are able to generate. In addition, the Secretary of HUD must approve any new Fannie Mae conventional mortgage program that is significantly different from those that we engaged in or that had been approved prior to the enactment of the 1992 Act. As a result, our ability to respond quickly to changes in market conditions by offering new programs designed to respond to these changes is subject to HUD’s prior approval process. These restrictions on our business operations may negatively affect our ability to compete successfully with other companies in the mortgage industry from time to time, which in turn may reduce our market share, our earnings and our financial condition.

HUD has established housing goals and subgoals for our business. HUD’s housing goals require that a specified portion of our mortgage purchases during each calendar year relate to the purchase or securitization of mortgage loans that finance housing for low- and moderate-income households, housing in underserved areas and qualified housing under the definition of special affordable housing. Most of these goals and subgoals have increased in 2008 over 2007 levels. These increases in goal levels
and recent housing and mortgage market conditions, particularly the significant changes in the housing market that began in the third quarter of 2007, have made it increasingly challenging to meet our housing goals and subgoals. If we do not meet any housing goal or enforceable subgoal, we may become subject to increased HUD oversight for the following year or be subject to civil money penalties.

In addition, our efforts to meet the housing goals and subgoals established by HUD have reduced our profitability. In order to obtain business that contributes to our housing goals and subgoals, we made significant adjustments to our mortgage loan acquisition strategies during the past several years. These strategies included entering into some purchase and securitization transactions with lower expected economic returns than our typical transactions. We also relaxed some of our eligibility criteria to obtain goals-qualifying mortgage loans and increased our investments in higher risk mortgage loan products that were more likely to serve the borrowers targeted by HUD’s goals and subgoals. These efforts to meet our housing goals and subgoals often result in our acquisition of higher risk loans, and we typically incur proportionately more credit losses on these loans than on other types of loans. Accordingly, these efforts contributed to our higher credit losses in 2007 and may lead to further increases in our credit losses.

**Regulation by the Department of the Treasury could adversely affect our liquidity, earnings and financial condition.** We are subject to regulation by the Department of the Treasury. In June 2006, the Department of the Treasury announced that it would undertake a review of its process for approving our issuances of debt, which could adversely impact our flexibility in issuing debt securities in the future, including our ability to issue securities that are responsive to the marketplace. Because our ability to operate our business, meet our obligations and generate net interest income depends primarily on our ability to issue substantial amounts of debt frequently, any limitations on our ability to issue debt could adversely affect our liquidity, earnings and financial condition. We cannot predict whether the outcome of this review will materially impact our current business activities.

**Legislation that would change the regulation of our business could, if enacted, reduce our competitiveness and adversely affect our liquidity, earnings and financial condition.**

The U.S. Congress continues to consider legislation that, if enacted, could materially restrict our operations and adversely affect our liquidity, earnings and financial condition. In May 2007, the House of Representatives approved a bill, H.R. 1427, that would establish a new, independent regulator for us and the other GSEs, with broad authority over both safety and soundness and mission. The bill, if enacted into law, would:

- authorize the regulator to establish standards for measuring the composition and growth of our mortgage investment portfolio;
- authorize the regulator to increase the level of our required capital, to the extent needed to ensure safety and soundness;
- require prior regulatory approval and a 30-day public notice and comment period for all new products;
- restructure the housing goals and change the method for enforcing compliance;
- authorize, and in some instances require, the appointment of a receiver if we become critically undercapitalized; and
- require us and Freddie Mac to contribute a percentage of our book of business—the sponsor of the bill has estimated a total contribution by us and Freddie Mac combined of $500 million to $650 million per year—to a fund to support affordable housing.

In addition, in October 2007, the House passed H.R. 2895, a bill to establish a National Affordable Housing Trust Fund to support housing that is affordable to low-income families. This Trust Fund would consist in part of amounts provided by us and Freddie Mac under the affordable housing fund

16
provisions of H.R. 1427. H.R. 2895 does not seek to impose any new obligations on us that do not already exist under H.R. 1427 and is dependent upon passage of H.R. 1427 for funding.

As of the date of this Offering Circular, the only comprehensive GSE reform bill that has been introduced in the Senate is S. 1100. This bill is substantially similar to a bill that was approved by the Senate Committee on Banking, Housing, and Urban Affairs in July 2005, and differs from H.R. 1427 in a number of respects. It is expected that a version of GSE reform legislation more similar to H.R. 1427 could be introduced in the Senate, but the timing is uncertain. Further, we cannot predict the content of any Senate bill that may be introduced or its prospects for Committee approval or passage by the full Senate.

In addition, S. 2391, the “GSE Mission Improvement Act,” has been introduced in the Senate. This bill would establish an affordable housing program funded by Fannie and Freddie Mac. The sponsor of the bill has estimated our combined payment under the bill to be $500 million to $900 million per year. The bill would also modify our affordable housing goals and create a new statutory duty to serve specified underserved markets.

Enactment of legislation similar to these bills could significantly increase the costs of our compliance with regulatory requirements and limit our ability to compete effectively in the market, resulting in a material adverse effect on our liquidity, earnings and financial condition. We cannot predict the prospects for the enactment, timing or content of any congressional legislation, or the impact that any enacted legislation could have on our liquidity, earnings or financial condition.

We must evaluate our ability to realize the tax benefits associated with our deferred tax assets quarterly. In the future, we may be required to record a material expense to establish a valuation allowance against our deferred tax assets, which likely would materially adversely affect our earnings, financial condition and capital position.

As of December 31, 2007, we had approximately $13.0 billion in net deferred tax assets on our consolidated balance sheet that we must evaluate for realization on a quarterly basis under Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Deferred tax assets refer to assets on our consolidated balance sheets that relate to amounts that may be used to reduce any subsequent period’s income tax expense. Consequently, our ability to use these deferred tax assets in future periods depends on our ability to generate sufficient taxable income in the future.

If, in a future period, negative evidence regarding our ability to realize our deferred tax assets (such as a reduction in our projected future taxable income) outweighed positive evidence, we could be required to record a material expense to establish a valuation allowance against our deferred tax assets at that time.

Recording a material expense of this type would likely have a material adverse effect on our earnings, financial condition and capital position. Refer to the 2007 10-K for a description of our deferred tax assets.

Our business faces significant operational risks and an operational failure could materially adversely affect our business and our operations.

Shortcomings or failures in our internal processes, people or systems could have a material adverse effect on our risk management, liquidity, financial condition and results of operations; disrupt our business; and result in legislative or regulatory intervention, damage to our reputation and liability to customers. For example, our business is dependent on our ability to manage and process, on a daily basis, a large number of transactions across numerous and diverse markets. These transactions are subject to various legal and regulatory standards. We rely on the ability of our employees and our internal financial, accounting, cash management, data processing and other operating systems, as well as technological systems operated by third parties, to process these transactions and to manage our business. Due to events that are wholly or partially beyond our control, these employees or third parties could engage in improper or unauthorized actions, or these systems could fail to operate.
properly, which could lead to financial losses, business disruptions, legal and regulatory sanctions, and reputational damage.

**Mortgage fraud could result in significant financial losses and harm to our reputation.**

Because we use a process of delegated underwriting in which lenders make specific representations and warranties about the characteristics of the single-family mortgage loans we purchase and securitize, we do not independently verify most borrower information that is provided to us. This exposes us to the risk that one or more of the parties involved in a transaction (the borrower, seller, broker, appraiser, title agent, lender or servicer) will engage in fraud by misrepresenting facts about a mortgage loan. We may experience significant financial losses and reputational damage as a result of mortgage fraud.

We maintain a large volume of private borrower information. If this information is inadvertently exposed, it could result in significant financial losses, legal and regulatory sanctions, and harm to our reputation.

Our operations rely on the secure processing, storage and transmission of a large volume of private borrower information, such as names, residential addresses, social security numbers, credit rating data and other consumer financial information. Despite the protective measures we take to reduce the likelihood of information breaches, this information could be exposed in several ways, including through unauthorized access to our computer systems, employee error, computer viruses that attack our computer systems, software or networks, accidental delivery of information to an unauthorized party and loss of unencrypted media containing this information. Any of these events could result in significant financial losses, legal and regulatory sanctions, and reputational damage.

**Future material weaknesses in our internal control over financial reporting could result in errors in our reported results and could have a material adverse effect on our operations, investor confidence in our business and the trading prices of our securities.**

During 2007, we remediated eight material weaknesses in our internal control over financial reporting that existed as of December 31, 2006, as described in our 2007 10-K and in our quarterly report on Form 10-Q for the quarter ended September 30, 2007. In order to remediate these material weaknesses, we implemented many new processes and reporting procedures in 2007. We may not effectively maintain these new controls. Remediated material weaknesses could recur, or we could identify new material weaknesses or significant deficiencies in our internal control over financial reporting that we have not identified to date. Any material weaknesses in our internal control over financial reporting could result in errors in our reported results and have a material adverse effect on our operations, investor confidence in our business and the trading prices of our securities.

**Competition in the mortgage and financial services industries may adversely affect our earnings and financial condition.**

We compete to acquire mortgage assets for our mortgage portfolio or to securitize mortgage assets into Fannie Mae MBS based on a number of factors, including our speed and reliability in closing transactions, our products and services, the liquidity of Fannie Mae MBS, our reputation and our pricing. We face competition in the secondary mortgage market from other GSEs and from commercial banks, savings and loan institutions, securities dealers, investment funds, insurance companies and other financial institutions. In addition, increased consolidation within the financial services industry has created larger financial institutions, increasing pricing pressure. This competition may adversely affect our earnings and financial condition.

If we are unable to develop, enhance and implement strategies to adapt to changing conditions in the mortgage industry and capital markets, our earnings and financial condition may be adversely affected.

The manner in which we compete and the products for which we compete are affected by changing conditions in the mortgage industry and capital markets. If we do not effectively respond to
these changes, or if our strategies to respond to these changes are not as successful as our prior business strategies, our earnings and financial condition could be adversely affected. Additionally, we may not be able to execute any new or enhanced strategies that we adopt to address changing conditions and, even if fully implemented, these strategies may not increase our earnings due to factors beyond our control.

We are subject to pending civil litigation that, if decided against us, could require us to pay substantial judgments, settlements or other penalties.

We are a party to several lawsuits that, if decided against us, could require us to pay substantial judgments, settlements or other penalties, including: a consolidated shareholder class action lawsuit relating to our accounting restatement; a proposed consolidated class action lawsuit alleging violations of the Employee Retirement Income Security Act of 1974; a proposed class action lawsuit alleging violations of federal and state antitrust laws and state consumer protection laws in connection with the setting of our guaranty fees; and a proposed class action lawsuit alleging that we violated purported fiduciary duties with respect to certain escrow accounts for Federal Housing Administration insured multifamily mortgage loans. We are unable at this time to estimate our potential liability in these matters, but may be required to pay substantial judgments, settlements or other penalties and incurring significant expenses in connection with these lawsuits, which could have a material adverse effect on our earnings, liquidity and financial condition.

More information regarding these lawsuits is included in the 2007 10-K.

A continuing, or broader, decline in U.S. home prices or in activity in the U.S. housing market could negatively impact our earnings, capital position and financial condition.

The continued deterioration of the U.S. housing market and national decline in home prices in 2007, along with the expected continued decline in 2008, are likely to result in increased delinquencies or defaults on the mortgage assets we own and that back our guaranteed Fannie Mae MBS. Further, the features of a significant portion of mortgage loans made in recent years, including loans with adjustable interest rates that may reset to higher payments either once or throughout their term, and loans that were made based on limited or no credit or income documentation, also increase the likelihood of future increases in delinquencies or defaults on mortgage loans. An increase in delinquencies or defaults will result in a higher level of credit losses and credit-related expenses, which in turn will reduce our earnings and adversely affect our capital position.

Higher credit losses and credit-related expenses also could adversely affect our financial condition. Our business volume is affected by the rate of growth in total U.S. residential mortgage debt outstanding and the size of the U.S. residential mortgage market. Recently, the rate of growth in total U.S. residential mortgage debt outstanding has slowed sharply in response to the reduced activity in the housing market and national declines in home prices. Total mortgage originations declined by an estimated 10% in 2007 from $2.8 trillion in 2006 to $2.5 trillion in 2007. A decline in the rate of growth in mortgage debt outstanding reduces the number of mortgage loans available for us to purchase or securitize, which in turn could lead to a reduction in our net interest income and guaranty fee income. If we do not continue to increase our share of the secondary mortgage market, this decline in mortgage originations could adversely affect our earnings and financial condition.

Changes in general market and economic conditions in the United States and abroad may adversely affect our earnings and financial condition.

Our earnings and financial condition may be adversely affected by changes in general market and economic conditions in the United States and abroad. These conditions include short-term and long-term interest rates, the value of the U.S. dollar compared with the value of foreign currencies, the rate of inflation, fluctuations in both the debt and equity capital markets, employment growth and unemployment rates, and the strength of the U.S. national economy and local economies in the United States and economies of other countries with investors that hold our debt. These conditions are beyond our control and may change suddenly and dramatically.
Changes in market and economic conditions could adversely affect us in many ways, including the following:

- Fluctuations in the global debt and equity capital markets, including sudden and unexpected changes in short-term or long-term interest rates, could decrease the fair value of our mortgage assets, derivatives positions and other investments, negatively affect our ability to issue debt at attractive rates, and reduce our net interest income; and
- A recession or other economic downturn, or rising unemployment, in the United States, either as a whole or in specific regions of the country, could decrease homeowner demand for mortgage loans and increase the number of homeowners who become delinquent or default on their mortgage loans. An increase in delinquencies or defaults would likely result in a higher level of credit losses and credit-related expenses, which would reduce our earnings. Also, decreased homeowner demand for mortgage loans could reduce our guaranty fee income, net interest income and the fair value of our mortgage assets. A recession or other economic downturn could also increase the risk that our counterparties will default on their obligations to us or become insolvent, resulting in a reduction in our earnings and thereby adversely affecting our capital position and financial condition.

Our business is subject to uncertainty as a result of the current disruption in the housing and mortgage markets.

We expect the current disruption in the housing and mortgage markets to continue and worsen in 2008. The disruption has adversely affected the U.S. economy in general and the housing and mortgage markets in particular and likely will continue to do so. In addition, a variety of legislative, regulatory and other proposals have been or may be introduced in an effort to address the disruption. Depending on the scope and nature of legislative, regulatory or other initiatives, if any, that are adopted to respond to this disruption, our earnings, liquidity, capital position and financial condition could be adversely affected.

Defaults by a large financial institution could adversely affect our business and financial markets generally.

We routinely enter into a high volume of transactions with counterparties in the financial services industry. The financial soundness of many financial institutions may be closely interrelated as a result of credit, trading or other relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity problems, losses or defaults by other institutions. This may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which we interact on a daily basis, and therefore could adversely affect our business.

The occurrence of a major natural or other disaster in the United States could increase our delinquency rates and credit losses or disrupt our business operations and lead to financial losses.

The occurrence of a major natural disaster, terrorist attack or health epidemic in the United States could increase our delinquency rates and credit losses in the affected region or regions, which could have a material adverse effect on our earnings, liquidity and financial condition. For example, we experienced an increase in our delinquency rates and credit losses in 2005 as a result of Hurricane Katrina. The contingency plans and facilities that we have in place may be insufficient to prevent a disruption in the infrastructure that supports our business and the communities in which we are located from having an adverse effect on our ability to conduct business. Substantially all of our senior management and investment personnel work out of our offices in the Washington, DC metropolitan area. If a disruption occurs and our senior management or other employees are unable to occupy our offices, communicate with other personnel or travel to other locations, our ability to service and interact with each other and with our customers may suffer, and we may not be successful in implementing contingency plans that depend on communication or travel.

CONFIDENTIAL TREATMENT REQUESTED
Risks Related to an Investment in Debt Securities

Credit Ratings May Not Reflect All Risks

One or more independent credit rating agencies may assign credit ratings to the Debt Securities. The ratings may not reflect the potential impact of all risks related to the structure of, or the market for, the Debt Securities, or the additional factors discussed herein and other factors that may affect the value of the Debt Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency. Investors should be aware that legislative, regulatory or other events involving Fannie Mae could negatively impact the credit ratings of the Debt Securities.

The Debt Securities May Not Be a Suitable Investment for You

As a potential investor in the Debt Securities, you must determine the suitability of that investment in light of your own circumstances.

- You should have sufficient knowledge and experience to make a meaningful evaluation of the Debt Securities, the merits and risks of investing in the Debt Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement.

- You should have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the Debt Securities and the impact the Debt Securities will have on your overall investment portfolio.

- You should have sufficient financial resources and liquidity to bear all of the risks of an investment in the Debt Securities, including Debt Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from your currency.

- You should understand thoroughly the terms of the Debt Securities and be familiar with the behavior of relevant indices and financial markets.

- You should be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

Some Debt Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex Debt Securities as stand-alone investments. They purchase complex Debt Securities as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. You should not invest in complex Debt Securities unless you have the expertise (either alone or with a financial advisor) to evaluate how the Debt Securities will perform under changing conditions, the resulting effects on their value and the impact this investment will have on your overall investment portfolio.

Structured Debt Securities May Be Complex and Involve Greater Risks than Conventional Debt Securities.

Debt Securities Subject to Optional Redemption by Fannie Mae May Fluctuate in Value Based on Prevailing Interest Rates

An optional redemption feature of Debt Securities is likely to limit their market value. During any period when we may elect to redeem Debt Securities, the Debt Securities' market value generally will not rise substantially above the price at which we can redeem the Debt Securities. This also may be true prior to any redemption period.

We may be expected to redeem Debt Securities when our cost of borrowing is lower than the interest rate on the Debt Securities. At those times, you generally would not be able to reinvest the
redemption proceeds at an effective interest rate as high as the interest rate on the Debt Securities being redeemed. The reinvestment may be at a significantly lower rate. You should consider reinvestment risk in light of other investments available at that time.

**Debt Securities with Principal or Interest Linked to an Index or Formula May Fluctuate in Value Based on a Variety of Factors**

We may issue Debt Securities with principal or interest determined by reference to one or more interest rate indices, currencies or currency units, or other indices or formulas (each, an “Applicable Index”). You should be aware that:

- the market price of a Debt Security may be very volatile,
- you may receive no interest,
- payment of principal may occur at a different time than you expect,
- you may lose all or a substantial portion of your principal,
- an Applicable Index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices,
- if an Applicable Index is applied to Debt Securities in conjunction with a Multiplier greater than one or contains some other leverage factor, the effect of changes in the Applicable Index on principal or interest payable likely will be magnified, and
- the timing of changes in an Applicable Index may affect your actual yield, even if the average level is consistent with your expectations. In general, the earlier the change in the Applicable Index, the greater the effect on yield.

**Fannie Mae's Subordinated Debt Securities Will Rank Junior in The Right of Payment to Existing and Future Senior Debt Securities**

Fannie Mae’s obligations under Subordinated Debt Securities will be issued under Section 304(e) of the Charter Act. Subordinated Debt Securities will be unsecured and subordinated and will rank junior in priority of payment to our “Senior Liabilities”. “Senior Liabilities” means all existing and future liabilities of Fannie Mae, other than liabilities that by their terms expressly rank equal with or junior to Subordinated Debt Securities. Senior Liabilities include, but are not limited to, debt obligations issued under Section 304(b) of the Charter Act, liabilities in respect of our guarantees on mortgage-backed securities and our 9% Subordinated Capital Debentures due 2019 and Zero Coupon Subordinated Capital Debentures due 2019 (together, the “Outstanding Capital Debentures”). We cannot make any payments of principal or interest on the Subordinated Debt Securities if we default on any payment due in respect of Senior Liabilities. See “Description of the Debt Securities—Special Terms Relating to Subordinated Debt Securities” and Appendix C. In the event of a liquidation or dissolution of Fannie Mae, our assets would be available to pay obligations under the Subordinated Debt Securities only after all payments had been made of amounts then due in respect of all Senior Liabilities.

**Under Certain Conditions, Interest Payments under Subordinated Debt Securities Must be Deferred**

If (1) our core capital is below 125% of our statutory critical capital requirement, or (2) (a) our core capital is below our statutory minimum capital requirement and (b) the U.S. Secretary of the Treasury, acting on our request, exercises his or her discretionary authority under Section 304(c) of the Charter Act to purchase our debt obligations, then we must defer the payment of interest on the Subordinated Debt Securities for periods not to exceed five years. (The U.S. Secretary of the Treasury has discretionary authority to purchase obligations of Fannie Mae up to a maximum of $2.25 billion...
outstanding at any one time). See “Description of the Debt Securities—Interest” and Appendix C of this Offering Circular.

We will pay all deferred interest, and interest on that deferred interest, on all Subordinated Debt Securities as soon as, after giving effect to such payments, we no longer would be required to defer interest under the terms described above, and we have repaid all debt obligations, if any, purchased by the U.S. Secretary of the Treasury as described above. We will make this payment in respect of all Subordinated Debt Securities on the next scheduled Interest Payment Date that occurs in respect of any issue of Subordinated Debt Securities, unless we elect to make the payment earlier.

If we have not resumed interest payments on an issue of Subordinated Debt Securities by their Maturity Date or have deferred interest on an issue of Subordinated Debt Securities for five consecutive years, then we must pay deferred interest, and interest on that deferred interest, on that issue of Subordinated Debt Securities regardless of our capital levels or our repayment of all debt obligations purchased by the U.S. Secretary of the Treasury. Even if we are required to make any payment on Subordinated Debt Securities, because Subordinated Debt Securities are subordinated, Holders of Subordinated Debt Securities will be entitled to receive payments only after we have made payment in full of all amounts then due in respect of any Senior Liabilities. In no event will Holders of Subordinated Debt Securities be able to accelerate the maturity of their Subordinated Debt Securities; such Holders will have claims only for amounts then due and payable on their Subordinated Debt Securities. After we have fully paid all deferred interest on any issue of Subordinated Debt Securities and if that issue of Subordinated Debt Securities remains outstanding, future interest payments on that issue of Subordinated Debt Securities will be subject to further deferral as described above.

Upon the deferral of interest payments, you generally will be required to accrue income, for United States federal income tax purposes, in respect of the accrued but unpaid interest on Subordinated Debt Securities held by you as further described under “United States Taxation” below. As a result, you generally will recognize income for United States federal income tax purposes in advance of the receipt of payment. Additionally, you will not receive payment of that interest if you dispose of your Subordinated Debt Securities prior to the record date for the payment of accrued interest. Even though any income with respect to deferred interest will constitute ordinary income, if you sell your Subordinated Debt Securities, you generally will recognize a capital loss to the extent that the selling price (which may not reflect the full amount of deferred interest) is less than your adjusted tax basis. Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for U.S. federal income tax purposes. See “United States Taxation”.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Debt Securities. In addition, as a result of the interest deferral provision of the Subordinated Debt Securities, the market price of the Subordinated Debt Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in Fannie Mae’s financial condition.

Various Factors Could Adversely Affect the Trading Value and Yield of Debt Securities

The Secondary Market Generally

Debt Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, you may not be able to sell your Debt Securities easily or at prices that will provide you with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Debt Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Debt Securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Debt Securities.
Variable Rate Securities with a Multiplier or Other Leverage Factor

Variable Rate Securities can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than comparable securities that do not include those features.

Inverse Variable Rate Securities

Inverse Variable Rate Securities have an interest rate equal to a fixed rate minus a rate based upon an Applicable Index. The market values of inverse Variable Rate Securities typically are more volatile than market values of our conventional variable rate debt securities based on the same Applicable Index (and with otherwise comparable terms). Inverse Variable Rate Securities are more volatile because an increase in the Applicable Index not only decreases the interest rate of the Debt Security, but also reflects an increase in prevailing interest rates, which further adversely affects the market value of these Debt Securities.

Fixed/Variable Rate Securities

Fixed/Variable Rate Securities may bear interest at a rate that we may elect to convert from a fixed rate to a variable rate, or from a variable rate to a fixed rate. Our ability to convert the interest rate will affect the secondary market and the market value of the Debt Securities since we may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If we convert from a fixed rate to a variable rate, the Spread on the fixed/variable rate securities may be less favorable than then prevailing spreads on our comparable variable rate debt securities tied to the same Applicable Index. In addition, the new variable rate at any time may be lower than the rates on other Debt Securities. If we convert from a variable rate to a fixed rate, the fixed rate may be lower than then prevailing rates on our Debt Securities.

Debt Securities Eligible for Stripping

Some issues of Fixed Rate Securities and Step Rate Securities will be eligible to be separated ("stripped") into Interest Components and Principal Components. The secondary market, if any, for the Components may be more limited and be less liquid than the secondary market for Debt Securities of the same issue that have not been stripped. The liquidity of an issue of Debt Securities also may be reduced if a significant portion of the Debt Securities are stripped. See "Description of the Debt Securities—Eligibility for Stripping of Fed Book-Entry Securities" for more information on stripping.

Debt Securities Issued at a Substantial Discount or Premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. The market values of Benchmark Bills, most Short-Term Notes, Zero-Coupon Securities, Interest Components and some Principal Components would be expected to behave this way.

Exchange Rate Risks and Exchange Controls May Affect the Timing or Amount of Interest and Principal Paid on Debt Securities

As mentioned above, principal of or interest on Debt Securities may be determined by reference to one or more currencies or currency units (including exchange rates and swap indices between currencies or currency units). Governmental and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, you may receive less interest or principal than you expected, or no interest or principal.

We will pay principal and interest on the Debt Securities in the Specified Payment Currency. See "Description of the Debt Securities—Specified Currencies and Specified Payment Currencies." This presents certain risks relating to currency conversions if your financial activities are denominated principally in a currency or currency unit ("Your Currency") other than the Specified Payment Currency. These include the risk that exchange rates may significantly change (including changes due to devolution
of the Specified Payment Currency or revaluation of Your Currency) and the risk that authorities with jurisdiction over Your Currency may impose or modify exchange controls. An appreciation in the value of Your Currency relative to the Specified Payment Currency would decrease (1) Your Currency-equivalent yield on the Debt Security, (2) Your Currency-equivalent value of the principal payable on the Debt Security, and (3) Your Currency-equivalent market value of the Debt Security.

As mentioned above, governmental or monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. Even if there are no actual exchange controls, it is possible that the Specified Payment Currency for a particular Debt Security may no longer be used by the government issuing the Specified Payment Currency or used for settlement of transactions by public institutions of or within the international banking community, or that the Specified Payment Currency may not be available for any other reason when payments on the Debt Security are due. If the government that previously issued the Specified Payment Currency has issued a new legal currency, we will make payments in that new legal currency. If there is no new legal currency or the Specified Payment Currency is unavailable due to circumstances beyond our control (such as exchange controls), we will make payments in U.S. dollars.

Legal Investment Considerations May Restrict Certain Investors

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. You should consult your legal advisors to determine whether and to what extent (1) Debt Securities are legal investments for you, (2) Debt Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to your purchase or pledge of any Debt Security. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Debt Securities under any applicable risk-based capital or similar rules.

If you are subject to the jurisdiction of any of the following agencies of the United States or a governmental agency of the United States or any jurisdiction outside the United States with similar authority (for example, central banks), you should review and consider that regulator’s rules, guidelines, regulations and policy statements prior to purchasing or pledging Debt Securities:

- The Board of Governors of the Federal Reserve System;
- The Comptroller of the Currency;
- The Federal Deposit Insurance Corporation;
- The National Credit Union Administration; and
- The Office of Thrift Supervision.
EXHIBIT 6
Pricing Supplement Dated July 10, 2008
(To Offering Circular dated April 01, 2008
and Offering Circular Supplement, dated April 04, 2008)

Fannie Mae Investment Notes
Universal Debt Facility

CUSIP Number: 3135A1KA4
Title: Step Rate Bonds Due July 17, 2020

This Pricing Supplement relates to the issue of Fannie Mae Investment Notes described below (the "Bonds"). You should read it together with the Offering Circular, dated April 01, 2008 (the "Offering Circular"), and the Offering Circular Supplement, dated April 04, 2008 (the "Supplement"), relating to the Universal Debt Facility of the Federal National Mortgage Association ("Fannie Mae"). Capitalized terms used in this Pricing Supplement have the meanings we gave to them in the Offering Circular, unless we specify otherwise.

The Bonds, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannie Mae.

You should read and understand the following discussion of certain risk factors before purchasing the Bonds. You also should read and understand the more complete discussion of risk factors that appears in the Offering Circular beginning on page 9. The following discussion, the Supplement and the Risk Factors section in the Offering Circular may not describe all of the risks and investment considerations (including those relating to your particular circumstances) of an investment in the Bonds.

Risk Factors

You should consult your own financial and legal advisors about:

* the risks of an investment in the Bonds (for example, the risks associated with the Bonds' redemption feature and Survivor's Option (as defined in the Supplement));
* the suitability of your investing in the Bonds in light of your particular situation;
* the appropriate tools to analyze a possible investment in the Bonds; and
* possible economic and interest rate scenarios and other factors that may affect your investment in the Bonds.
Merrill Lynch & Co.

You should not purchase the Bonds unless you understand, can evaluate and are able to bear all risks of an investment in the Bonds. These risks include the risks that the Bonds may not be readily saleable, that the value of the Bonds will fluctuate over time, and that such fluctuations may be significant and could result in significant losses to you. These risks are especially important to understand if circumstances arise that will not permit you to hold the Bonds until the Maturity Date. If you sell a Bond prior to the Maturity Date, you may receive sales proceeds (less applicable transaction costs) that are less than the amount you originally invested.

Our ability to redeem the Bonds before the Maturity Date is likely to affect the market value of the Bonds. During any period when we may elect to redeem the Bonds, the Bonds' market value generally will not rise substantially above the price at which we may redeem the Bonds because of the increased likelihood of redemption. This also may be true prior to any redemption period.

We may be expected to redeem the Bonds when our cost of borrowing is lower than the interest rate on the Bonds. Because we are most likely to redeem the Bonds when interest rates have fallen, principal is likely to be returned to you upon redemption at a time when prevailing interest rates are lower. Therefore, you generally would not be able to reinvest redemption proceeds at an effective interest rate as high as the interest rate on the Bonds, and your reinvestment might be at a significantly lower rate. You should consider the related reinvestment risk in light of other investments available to you at that time.

If you are considering purchasing Bonds at a premium (or a discount), you should consider the risk that a redemption relatively early (or late) following issuance of the Bonds could result in an actual yield that is lower than your anticipated yield.

If we redeem a portion of the Bonds, the market for the Bonds remaining outstanding may not be very liquid.

We will have a discretionary right to limit the aggregate principal amount of Bonds subject to that Survivor's Option that may be exercised in any calendar year. We also will have the discretionary right to limit the aggregate principal amount of Bonds subject to the Survivor's Option that may be exercised in any calendar year on behalf of any individual deceased beneficial owner of Bonds. Accordingly, we cannot assure you that exercise of a Survivor's Option for the desired amount will be permitted in any single calendar year. Furthermore, a Survivor's Option may not be exercised until at least twelve months following the issue date of the Bond.

You should consult your own financial and legal advisors about the suitability of your investing in the Bonds in light of your particular situation (for example, if you need to receive the principal amount on the Maturity Date or need to receive fixed interest payments until the Maturity Date, the Bonds may not be an appropriate investment for you because of the Bonds'
redemption feature).

CUSIP Number: 3135A1KA4

Certain Securities Terms

1. Title: Step Rate Bonds Due July 17, 2020

2. Aggregate Original Principal Amount: $985,000.00

3. Issue Date: July 18, 2008

4. Maturity Date: July 17, 2020

5. Subject to Redemption by Fannie Mae Prior to Maturity Date
   _ No
   X Yes; in whole or in part, at our option, at any time (and from time to time) on or after July 17, 2009 at a redemption price of 100% of the principal amount redeemed, plus accrued interest thereon to the date of redemption.

6. Survivor's Option:
   _ No
   X Yes; additional details about the Survivor's Option are set forth in Annex A to the Supplement, and the form to be used to exercise the Survivor's Option is attached as Annex B to the Supplement.

7. Interest
   a. Frequency of Interest Payments: semiannually
   b. Interest Payment Dates: the 17th day of each January and July
   c. First Interest Payment Date: January 17, 2009
   d. The interest rate on the outstanding principal amount will be as follows:

<table>
<thead>
<tr>
<th>from and including</th>
<th>to but excluding</th>
<th>interest rate per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 18, 2008</td>
<td>July 17, 2012</td>
<td>4.75%</td>
</tr>
<tr>
<td>July 17, 2012</td>
<td>July 17, 2016</td>
<td>5.50%</td>
</tr>
<tr>
<td>July 17, 2016</td>
<td>July 17, 2020</td>
<td>7.00%</td>
</tr>
</tbody>
</table>

file://F:\Parser_Output\Edgar_Workfiles\PDFInbox\3135A1KA4.HTML  4/9/2010
Offering

1. Pricing Date: July 10, 2008

2. Fixed Offering Price:
   100.00% of principal amount, plus accrued interest, if any, from the Settlement Date

3. Dealer Purchase Price: 98.50% of principal amount
   a. Concession: 1.4375%
   b. Reallowance: 1.3125%
   c. Proceeds to Fannie Mae: $970,225.00

Settlement

1. Settlement Date: July 18, 2008

2. Settlement Basis: delivery versus payment

3. Settlement Clearing System: DTC

4. Form: Global Book-Entry Securities

RECENT DEVELOPMENTS

On May 19, 2008, Standard & Poor’s Ratings Services (“S&P”) lowered our “Risk-to-Ibc-Goverment” rating from “AA-” to “A+” with a negative outlook, and affirmed the “AA-” ratings on our preferred stock and subordinated debt with a negative outlook. S&P also affirmed the “AAA/A-1+” rating on our senior unsecured debt with a stable outlook.

On May 6, 2008, Moody’s Investors Service (“Moody’s”) downgraded our “Bank Financial Strength Rating” from “B+” to “B” with a negative outlook. Moody’s also placed a negative outlook on the “Aa3” rating on our preferred stock, and affirmed the rating of “Aaa” on our senior debt and “Aa2” on our subordinated debt with a stable outlook. Also on May 6, 2008, Fitch Ratings placed the “AA-” rating on our preferred stock on “Rating Watch Negative,” and affirmed the ratings of “AAA” on our senior unsecured debt and “AA-” on our subordinated debt with a stable outlook.
Offering Circular Supplement, dated September 9, 2008
(To Offering Circular, dated April 1, 2008)

Fannie Mae

Universal Debt Facility

This Offering Circular Supplement relates to Debt Securities of Fannie Mae. You should read it together with the Offering Circular, dated April 1, 2008 (the “Offering Circular”), relating to our Universal Debt Facility and any applicable Pricing Supplement for the Debt Securities. Capitalized terms used in this Offering Circular Supplement have the meanings we gave to them in the Offering Circular, unless we specify otherwise.

The Debt Securities, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannie Mae.

You should read and understand the discussion of risk factors that appears in the Offering Circular beginning on page 9 and in any applicable Pricing Supplement and in the documents incorporated by reference into the Offering Circular. The following discussion, the “Risk Factors” section in the Offering Circular, and the disclosure in any applicable Pricing Supplement may not describe all of the risks and investment considerations you should consider in light of your particular circumstances before you invest in the Notes.

RECENT DEVELOPMENTS

On September 7, 2008, Fannie Mae’s safety and soundness regulator, the Federal Housing Finance Agency, or FHFA, placed Fannie Mae and Freddie Mac into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer, or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. FHFA selected Herbert M. Allison, former Vice Chairman of Merrill Lynch and Chairman of TIAA-CREF as the new CEO of Fannie Mae. A copy of the statement issued by FHFA Director James B. Lockhart regarding FHFA’s placement of Fannie Mae into conservatorship, the selection of Mr. Allison, and a copy of a Fact Sheet discussing questions and answers about the conservatorship are available on FHFA’s website at www.ofheo.gov.

Also on September 7, 2008, the U.S. Department of the Treasury, or U.S. Treasury, announced three additional steps taken by it in connection with the conservatorship.

First, the U.S. Treasury entered into a Preferred Stock Purchase Agreement with us pursuant to which the U.S. Treasury will purchase up to an aggregate of $100 billion to maintain a positive net worth on a U.S. GAAP basis. This agreement contains covenants that significantly restrict our operations. In exchange for entering into this agreement, the U.S. Treasury received $1 billion of our senior preferred stock and warrants to purchase 79.9% of our common stock.
Second, the U.S. Treasury announced the establishment of a new secured lending credit facility which will be available to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks as a liquidity backstop.

Finally, the U.S. Treasury announced that it is initiating a temporary program to purchase mortgage backed securities issued by Fannie Mae and Freddie Mac. The secured lending credit facility and the mortgage backed securities purchase program are currently scheduled to expire in December 2009.

Details regarding these steps are available on the U.S. Treasury’s website at www.ustreas.gov.
EXHIBIT 8
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

SECTION: Governments - Federal Agency Securities
AOG NO.: 5.6.9

A. Product Description

Federal agencies are government-sponsored enterprises created by Congress to serve a public good. They are empowered by law to issue Federal agency securities to finance their activities. Some agency securities are backed by the full faith and credit of the U.S. Government, while others are guaranteed by the Treasury or supported by the agency's right to borrow money from the Treasury. Federal agency securities do contain market risk if sold prior to maturity and are not as liquid as direct obligations of the U.S. Government (Treasury securities).

When agency securities are issued, they are ordinarily not sold directly to investors but rather through a syndicate of dealers. Federal agency securities are issued in various forms, including coupon bearing notes and bonds and securities sold at a discount. The following list represents U.S. agency securities that BAI is presently offering.

FNMA - Federal National Mortgage Association or "Fannie Mae" was established to provide supplemental liquidity to the mortgage market by purchasing government-insured or conventional mortgages when mortgage money is in short supply and selling them when the demand for mortgage money is reduced. To finance the mortgages purchased, Fannie Mae relies primarily on the sale of debentures, short term discount notes and step-up notes. Fannie Mae debentures are NOT backed by the U.S. Government. Interest income on Fannie Maes is subject to federal, state and local income taxation. Fannie Mae debentures are available in denominations starting at $10,000 with $5,000 increments thereafter. Each purchaser must receive the required disclosure documents for the specific issue.

FHLB - Federal Home Loan Banks are organizations operating under a federal charter and governed by Congress. The FHLB is owned by member savings associations. The primary securities issued by the FHLB are bonds backed by qualified collateral. FHLB securities are NOT backed by the U.S. Government. Interest income is subject to federal income taxes but is exempt from state and local taxation. Bonds are available in denominations of $10,000; with $5,000 increments thereafter.
FFCB - Federal Farm Credit Banks are federally chartered banks supervised by an agency of the U.S. Government. The banks provide loans to farmers, ranchers and rural utilities. The loans are collateralized by land, buildings, equipment, livestock, commodities and other agricultural assets. To finance the loans, the FFCB issues three month, six month and one year notes in denominations of $5,000, and/or term issues varying from 18 months to 10 years available in denominations of $1,000. FFCB securities are NOT backed by the U.S. Government. Interest income is subject to federal income taxes but is exempt from state and local taxation.

GNMA - The Government National Mortgage Association or "Ginnie Mae" is a wholly owned corporation of the United States within the Department of Housing & Urban Development. GNMA securities are mortgage-backed securities issued by a financial institution and guaranteed by GNMA. GNMA's guarantee is backed by the full faith and credit of the U.S. Government. GNMA securities represent an undivided interest in a pool of government-insured or guaranteed home mortgages. The pools are formed according to mortgage type, maturity and interest rate. GNMA investors receive a monthly "pass-through" of principal and interest payments on the pooled mortgages, and these payments are guaranteed by GNMA without regard to whether the mortgages are, in fact, paid by the borrowers. In addition to scheduled principal payments, unscheduled prepayments, if any, are also passed through to Ginnie Mae investors on a monthly basis. Thus, the average life of a GNMA may be significantly shorter than the stated maturity. Pass-through certificates have a minimum denomination of $25,000. Other types of GNMA products include Mobile Home Pools, Adjustable Rate Mortgages, Construction Loan Certificates, Project Loans, Buy-Down Loans and Growing Equity Loans. Interest paid on all GNMA securities is subject to federal, state, and local income taxation.

FHLMC - The Federal Home Loan Mortgage Corporation or "Freddie Mac" was established to help preserve the availability of mortgage credit for residential housing through the development and maintenance of a secondary market in conventional mortgages. Freddie Mac may only purchase mortgages from financial institutions that have their deposits or accounts insured by agencies of the U.S. Government. Freddie Mac sells two types of pass-through securities. Participation certificates ("PCs") are similar to GNMA pass-throughs in that they represent an undivided interest in a pool of conventional residential mortgages. Guaranteed Mortgage Certificates ("GMCs") represent an undivided interest in conventional residential mortgages, which pay interest semiannually and return principal once a year in guaranteed amounts. FHLMC securities are NOT backed by the U.S. Government. All securities issued by Freddie Mac are subject to federal, state and local income taxation.

SLMA - The Student Loan Marketing Association or "Sallie Mae" is a federally chartered corporation established in 1972 under an Act of Congress. SLMA provides liquidity for financial and educational institutions by purchasing student loans and supporting the credit needs of students. SLMA floating rate notes are
issued in a fully book-entry form only and the minimum purchase is $10,000 with multiples of $5,000 thereafter. SLMA will occasionally offer zero-coupon debentures issued in fully book-entry form only. SLMA securities are NOT backed by the U.S. Government. Interest income is subject to federal income taxation, but is exempt from state and local taxation.

International Bank For Reconstruction and Development ("World Bank") — The World Bank was organized in 1946 and its capital stock is owned by 155 member countries, of which, the U.S. is the largest shareholder. The principal purpose of the Bank is to promote the economic development of less-developed member countries. It provides loans and related technical assistance for specific projects, and for programs of economic reforms to foster long-term growth of international trade and improved living standards. The Bank is an instrumentality of its member governments and maintains an Aaa/AAA credit rating on its medium and long-term public bond issues.

World Bank obligations are NOT obligations of nor guaranteed by the U.S. Government. The bonds are usually sold in denominations of $1,000 and interest is paid on a 30/360 basis. The World Bank may issue notes, bonds, zero coupon or deep discount bonds, with a fixed or floating interest rate in maturities from one to 30 years.

TVA — Established by Congress in 1933, the Tennessee Valley Authority develops the resources of the region to strengthen the regional and national economy and national defense. Power operations are segregated from non-power activities. Bonds are usually issued in denominations of $1,000 and pay interest semi-annually. Income is subject to federal income taxation, but is exempt from state and local taxation.

FICO - The Financing Corporation is a "mixed ownership" government corporation chartered by the Federal Home Loan Bank Board pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987. FICO's sole purpose is to function as a financing vehicle for recapitalizing the now-defunct Federal Savings & Loan Insurance Corporation ("FSLIC"). The obligations and interest payable are NOT obligations of nor guaranteed by the U.S. Government. The product must be purchased in denominations of $10,000 initially and in multiples of $5,000 thereafter. Interest is subject to federal income taxation, but is exempt from state and local taxation.

FICO STRIPS - FICO STRIPS are created when a broker/dealer or other entity purchases a FICO bond and delivers it to a custodian bank. The Bond is then "stripped" into separate principal and interest portions. Each FICO STRIP evidences a direct ownership of a discrete, identifiable future interest or principal payment on the FICO Bond. Owners of FICO STRIPS have all the rights and privileges of owners of the underlying interest and principal obligations on the
related FICO bonds.

The obligations and interest payable on FICO STRIPS are NOT obligations of nor guaranteed by the U.S. Government. The product must be purchased in minimum denominations of with $10,000 with multiples of $5,000 there after. FICO STRIPS, as opposed to the underlying FICO Bonds, may not be eligible for investment by state chartered banks, federally chartered savings association, and federal credit unions.

**REFCO BONDS** are issued by the Resolution Funding Corporation ("REFCO"), a "mixed-ownership government corporation" Chartered pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"). REFCO may issue debt securities to finance the operations of the Resolution Trust Corporation ("RTC"). REFCO Bonds are NOT obligations of nor guaranteed by the United States, or any agency or instrumentality thereof. However, principal on the REFCO Bonds is to be paid from the proceeds of zero-coupon Treasury securities held in a segregated trust account, and payments of interest are ultimately backed by the Secretary of the Treasury. Interest is subject to federal income taxation, but exempt from state and local income taxation.

**REFCO STRIPS** are created when a broker/dealer or other entity (the "Sponsor") purchases a REFCO Bond and then requests the Federal Reserve Bank of New York, the book-entry registrar, to divide the Bond into its separate components, consisting of each future semi-annual interest payments on such Bond (an Interest Only - "IO" Component) and the principal payment on such Bond (the Principal Only - "PO" Component). Each IO and PO is then maintained on the book-entry records of the Federal Reserve Banks, and have separate identifying designations and CUSIP numbers. REFCO STRIPS may be reconstituted into REFCO Bonds. The obligations and interest payable on REFCO STRIPS are NOT obligations of nor guaranteed by the U.S. Government.

REFCO Bonds and STRIPS are offered in book-entry form only and are issued in minimum denominations of $1,000 and integral multiples of $1,000. REFCO Bonds and STRIPS are currently exempt from the registration and prospectus delivery requirements of the 1933 Act. REFCO Bonds and STRIPS usually trade at a premium over Treasuries.

**B. Sales Guidelines**

1. **Solicitation Policy** (see section 5.6.6)

2. **Additional Documentation/Disclosure**

In connection with original issuances, a copy of the final Information Statement or other disclosure document (and any supplements) must be delivered to the
customer prior to or contemporaneously with the confirmation.

FNMA - Purchasers of FNMA debentures may receive some of the following documents: Guide to Debt Securities, MTN Booklet, Step-up Sheet and/or dealer prepared offering document (for all transactions from initial purchase through purchases 90 days after settlement date of initial offering).

Farm Credit - Purchasers must receive the most recent Information Statement.

Freddie Mac - Dealer prepared offering document for initial purchasers and for all purchasers during 90 days from settlement date of initial offering.

When recommending Federal Agency Securities, the client must be aware of the potential market risk involved. Most Federal Agency Securities are NOT guaranteed by the U.S. Government and are not as liquid as direct obligations of the U.S. Government.

Federal Agency Securities carry market and credit risks which should be disclosed to the customer. There is no assurance that the issuer will not default or that a customer's investment will not decline in value should the customer decide to liquidate the position prior to maturity.

There must be no representation or implication that a guarantee applies to the investment return or principal value of Federal Agency Securities unless discussing GNMA.

C. Transaction Approvals

Although Federal Agency Securities are relatively conservative products, risk does vary with the type of security; therefore, Managers should, review the specific product in light of the customer's suitability information.

Federal agency security purchase orders and sell orders where the security is not long in the account of $1,000,000 or more must be pre-approved by the Manager.
Applicable Regulations

NASD (Rule 2310), FINRA (Rule 2010)

Explanation/Summary of Regulatory Requirements

FINRA Rule 2010 provides that members, in the course of business, shall observe high standards of commercial honor and refrain from conduct that violates other laws or regulations that could result in financial harm to investors.

NASD Conduct Rule 2310 requires that FINRA members shall make reasonable efforts to obtain information concerning a customer's financial status, investment objectives and any other information used to make a reasonable suitability determination with respect to recommendations made to customers.

Policy Summary

This policy offers guidance with respect to the sale, solicitation, and supervision of Federal Agency Securities.

Policy

Sales Guidelines and Solicitation Policy

Please refer to the Fixed Income Debt Obligations Solicitation policy for more information.

In connection with original issuances, a copy of the final Information Statement or other disclosure document (and any supplements) must be delivered to the customer prior to or contemporaneously with the confirmation.

Additional Disclosure and Documentation

FNMA - Purchasers of FNMA debentures may receive some of the following documents: Guide to Debt Securities, MTN Booklet, Step-up Sheet and/or dealer prepared offering document (for all transactions from initial purchase through purchases 90 days after settlement date of initial offering).

Farm Credit - Purchasers must receive the most recent Information Statement.

Freddie Mac - Dealer prepared offering document for initial purchasers and for all purchasers during 90 days from settlement date of initial offering.
When recommending Federal Agency Securities, the client must be aware of the potential market risk involved. Most Federal Agency Securities are NOT guaranteed by the U.S. Government and are not as liquid as direct obligations of the U.S. Government.

Federal Agency Securities carry market and credit risks which should be disclosed to the customer. There is no assurance that the issuer will not default or that a customer's investment will not decline in value should the customer decide to liquidate the position prior to maturity.

There must be no representation or implication that a guarantee applies to the investment return or principal value of Federal Agency Securities unless discussing GNMAs.

Transaction Pre-Approvals

Federal agency security purchase orders and sell orders where the security is not long in the account of $1,000,000 or more must be pre-approved by the Manager.

Means of achieving compliance

Registered Representatives may not recommend to a customer the purchase, sale or exchange of any security without reasonable grounds to believe the recommendation is suitable for the customer. Additionally, Registered Representatives are responsible for following all policies and procedures outlined within this document and the Associate Procedure document, (i.e. completing any compulsory training, product specific policies, providing any required oral or written disclosures, and/or obtaining any necessary manager pre-approvals, etc.)

Supervision

Managers are responsible for taking reasonable steps to ensure that associates under their supervision understand and follow the policy and procedures. Additionally, Managers are responsible for the supervision of all trading activity for accounts under the supervision of their OSI. Although Federal Agency Securities are relatively conservative products, risk does vary with the type of security; therefore, Managers should, review the specific product in light of the customer's suitability information.

Federal agency security purchase orders and sell orders where the security is not long in the account of $1,000,000 or more must be pre-approved by the Manager.

Please refer to the Supervisory Procedures document for more information on the Supervisory Reports and/or ESS Modules available to Managers to aid in their supervision of Federal Agency Securities transactions.

Escalation

Managers should consult with their immediate supervisors to discuss any issues or exception requests and as necessary consult with the compliance department.
Monitoring/Oversight

Based on policy or regulatory changes and/or emerging risks, BAI Compliance may test for adherence to this policy as part of the Annual Compliance Assessment program and/or the Surveillance Program.

Recordkeeping

Managers must maintain the following in central files in the OSJ:

- Pre-Approval Log, filed monthly
- Fixed Income Order Tickets (if not placed via BondDesk)
EXHIBIT 10
7/8/03 came with Reggie Aquino

[John Keating]

Key = No Risk

Proposal for matured CD's - approximate value $2,000,000

CD option does not offer attractive rates or FDIC insurance beyond $200,000

Step up Agency Bonds offer much more attractive current rates plus a guarantee that those yields will increase over time.

Step up Agency Bonds also offer a guarantee of the full faith and credit of the US government (AAA) on the entire balance. FDIC is the equivalent of AAA.

Current offerings give a yield of 4.97% on the principal with a guarantee to increase that yield by ¼% in 11/08, ½% in 11/10, 1% in 11/12 and 1% in 11/14. This particular bond would be callable from 11/08 on and if called, client would receive entire principal from US government.
## Bond Offering Detail

<table>
<thead>
<tr>
<th>Description</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong> FEDERAL HOME MTG CORP CALL STEP 11/15/16 Callable 11/08 @ 100</td>
<td></td>
</tr>
<tr>
<td><strong>CUSIP/SIA</strong> 3133F2BR5/US3133F2BR55</td>
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<td><strong>Type/Agency</strong></td>
<td><strong>Moody/S&amp;P</strong>: Aaa/AAA</td>
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<tr>
<td><strong>Coupon</strong> 11/16/2006 @ 5.000</td>
<td><strong>Category</strong> FHLMC-Fed Home Loan Mtg Corp</td>
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<tr>
<td><strong>Maturity</strong> 11/15/2016</td>
<td><strong>Frequency</strong>: Semiannually</td>
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<td><strong>First Settlement</strong> 11/18/2006</td>
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<td><strong>First Coupon</strong> 05/15/2007</td>
<td><strong>Next Coupon</strong> 11/15/2008</td>
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<td><strong>Dated</strong> 11/16/2006</td>
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<td><strong>Minimum Amount</strong> 1,000,000</td>
<td><strong>Denomination Amount</strong> 1,000,000</td>
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<td><strong>Collateral</strong>: Medium term note</td>
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</tbody>
</table>

### Moodys Ratings Information

- **Long Term Rating**: Aaa effective 11/07/2006
- **Short Term Rating**: Stable

### S&P Ratings Information

- **Long Term Rating**: AAA effective 11/07/2006 10:04:21 AM
- **Short Term Rating**: Stable effective 11/07/2006 10:04:21 AM
- **Outlook**: Stable

### Call/Sink/Put Features

- **Call Schedule**: 11/15/2008 @ 100
- **Continuous Callable starting at 11/15/2008 @ 100**
- **Next**: 11/15/2008 at 100 on 5 days notice
- **Conditional Put Reason**: Death of holder

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<th>Price Before Sales Credit: 100.405000</th>
<th>Price Before Sales Credit: 100.530000</th>
<th>Settlement: 07/09/2008</th>
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<td><strong>Yield to Maturity</strong>: 3.789</td>
<td><strong>Yield to Maturity</strong>: 6.331</td>
<td><strong>Duration</strong>: 3.5</td>
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<td><strong>Quantity</strong>: 0</td>
<td><strong>Yield to Call</strong>: 3.442</td>
<td><strong>Quantity</strong>: 2.25</td>
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<td><strong>Min. Quantity</strong>: 0</td>
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<td><strong>Increment</strong>: 1</td>
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<td><strong>Current Yield</strong>: 4.974</td>
<td><strong>Min. Quantity</strong>: 1</td>
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<td><strong>Worst Yield</strong>: Next Call</td>
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</table>

**Broker Comments**: N/A

**FOR INTERNAL USE ONLY**

**THE USE OF E-MAIL TO CLIENTS IS PROHIBITED**


1/8/2008

Confidential Treatment
Requested
BOA 1608
EXHIBIT 11
Offering Circular Supplement, dated April 4, 2008
(To Offering Circular, dated April 1, 2008)

Fannie Mae

Fannie Mae Investment Notes
Universal Debt Facility

This Offering Circular Supplement relates to Fannie Mae Investment Notes (the "Notes"). You should read it together with the Offering Circular, dated April 1, 2008 (the "Offering Circular"), relating to our Universal Debt Facility and the applicable Pricing Supplement for the Notes. Capitalized terms used in this Offering Circular Supplement have the meanings we gave to them in the Offering Circular, unless we specify otherwise.

The Notes, together with interest thereon, are not guaranteed by the United States or any agency or instrumentality thereof other than Fannie Mae.

You should read and understand the discussion of risk factors that appears in the Offering Circular beginning on page 9 and in the applicable Pricing Supplement. The following discussion, the "Risk Factors" section in the Offering Circular, and the disclosure in the applicable Pricing Supplement may not describe all of the risks and investment considerations you should consider in light of your particular circumstances before you invest in the Notes.

We will specify the final terms of each Note in the applicable Pricing Supplement.

This Offering Circular Supplement highlights information contained elsewhere in the Offering Circular and the applicable Pricing Supplement. It does not contain all of the information you should consider before investing in the Notes. You should also read the more detailed information in the Offering Circular and the applicable Pricing Supplement.

This Offering Circular Supplement replaces and supersedes the Offering Circular Supplement dated March 21, 2007 for Investment Notes issues settling upon original issuance on or after April 10, 2008.

Merrill Lynch & Co.
From: Aquino, Reggie [reggie.aquino]
Sent: Thursday, July 10, 2008 11:14 AM
To: Murtagh, Neil G
Subject: RE:...

When I was on vacation he left me a message, I retrieved on Monday and asked me to put his maturing CD's to his checking account. I took this as he was going to move this somewhere else, not to us. Played phone tag that Monday with him, but got his wife late Monday. I verified if her husband still wanted it transferred to their checking account and she said yes, but I needed to talk to her husband first. Tuesday came and that morning he got a hold of me and demanded it be moved today, thinking as fast as I could, asked him what he was doing with the money. Said, it didn't want to keep it in CD's because of the rates we had, and he needed some of the capital from it to fund a wedding he is preparing for his daughter this Saturday. He didn't have time to meet and I had to think fast on what I could give him. I had a sense this was moving out of my book one way or the other that day!! I took a chance and I remembered that John Keating gave me a profile of the AAA rated bonds that he has pitched over the appointments we have had together, I mentioned that I had information and would talk to him about it. Long story short, John had the product that blurted out of my mouth and the client bought it. I had John explain the product right then and there and that client took it. Neil, I know I mentioned that I was going to get that appointment for us, but the call didn't dictate that opportunity and I had to save that money. I only gave this client what I knew was a product that was mentioned by John because he's pitched it on our appointments with people who are concerned about FDIC. What are the odds that a client going to do that type of transaction over the phone and at that moment with that kind of money without a meeting.....Far and few.

All in all Neil, I know I screwed you, and I don't blame you for being mad....but I'll make it up some how.

Reggie C. Aquino
Premier Client Manager, Assistant Vice President
PREMIER BANKING & INVESTMENTS™
101 Derby Street
Hingham, MA 02043-4226
Phone: (600) 925-6060, Ext. 1131
Fax: (781) 682-7045
E-Mail: reggie.aquino

Premier Banking & Investments™ is offered through Bank of America Premier Banking® and Banc of America Investment Services, Inc.® Banking products are offered through Bank of America, N.A., an FDIC member. Investment products are offered through Banc of America Investment Services, Inc. © and:

<table>
<thead>
<tr>
<th>Are Not FDIC Insured</th>
<th>May Lose Value</th>
<th>Are Not Bank Guaranteed</th>
</tr>
</thead>
</table>

Banc of America Investment Services, Inc. is a registered broker-dealer, member FINRA and SIPC, and a nonbank subsidiary of Bank of America, N.A.

From: Murtagh, Neil G
Sent: Thursday, July 10, 2008 9:28 AM
To: Aquino, Reggie
Subject: ...
Neil Murtagh

Financial Advisor
Premier Banking & Investments™
MA6-529-01-03
101 Derby Street
Hingham, MA 02043
Phone: 781 682 7025
Fax: 781 682 7048
neil.g.murtagh
EXHIBIT 13
Brokerage Account Application

1. Provide Your Information

Investor A
Social Security, Tax ID or EIN number
Name of Investor A
Citizenship Status: ☐ U.S. Citizen ☐ Resident Alien (RA) ☐ US Entity
Country of Citizenship:
Country of Residence (RA and NRA only)
United States
Political official's name
Current or former position
Primary ID or Legal Document type (Government issued ID or for an Entity: TIN, PPP, etc.)
Document/file number:
Expiration date (MM-DD-YYYY)
Issuing entity, state, country or government
Permanent street address (P.O. Box not acceptable)
City State ZIP Country

DUXBURY MA 02332 United States

Investor Primary contact phone
Investor Secondary contact phone
Email address

Investor B (Use Additional Investor Information for more than two investors)
Social Security, Tax ID or EIN number
Name of Investor B
Citizenship Status: ☐ U.S. Citizen ☐ Resident Alien (RA) ☐ US Entity
Country of Citizenship:
Country of Residence (RA and NRA only)
United States
Political official's name
Current or former position
Primary ID or Legal Document type (Government issued ID or for an Entity: TIN, PPP, etc.)
Document/file number:
Expiration date (MM-DD-YYYY)
Issuing entity, state, country or government
Permanent street address (P.O. Box not acceptable)
City State ZIP Country

DUXBURY MA 02332 United States

Investor Primary contact phone
Investor Secondary contact phone
Email address

2. Personal Information. If opening an Entity Account, skip to Section 3 Business Information

Investor A
Source of income: ☐ Employment ☐ Household / Family income ☐ Inheritance / Trust
☐ Investment income ☐ Retirement income ☐ Social Security ☐ Unemployment
1. Other
Provide additional details on income.
Client has worked over 45 yrs and saved 20% of income
Annual income for this individual investor
Employment Status: ☐ Employed ☐ Self-employed ☐ Retired ☐ Unemployed
Occupation (self-employed, retired, or unemployed please specify current or former business line)

Investor B
Source of income: ☐ Employment ☐ Household / Family income ☐ Inheritance / Trust
☐ Investment income ☐ Retirement income ☐ Social Security ☐ Unemployment
1. Other
Provide additional details on income.
Client's husband has worked over 45 yrs and saved 20% of income
Annual income for this individual investor
Employment Status: ☐ Employed ☐ Self-employed ☐ Retired ☐ Unemployed
Occupation (self-employed, retired, or unemployed please specify current or former business line)

 ISA
### Personal Information continued

- **Yes** ☐ **No** ☐ Are you or any of your dependents employed by Bank of America, or any of its affiliates?

- **Yes** ☐ **No** ☐ Are you employed by or related to Bank of America, or any of its affiliates?

- **Yes** ☐ **No** ☐ Are you a director, shareholder (10% or more) or policy making officer of a publicly traded company?

- **Yes** ☐ **No** ☐ Are you affiliated with a stock exchange, self-regulatory organization, broker/dealer, insurance company, or any other investment-related entity?

- **Yes** ☐ **No** ☐ Are you affiliated with a bank or insurance company?

- **Yes** ☐ **No** ☐ Are you a member of a financial advisory or investment firm?

### Business Information

#### 3. Business Information: Opening a Non-Entity Account

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Name of Company</th>
<th>Exchange Symbol</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 4. Financial Information: Bank of America Investment Services, Inc. is required to obtain the following information.

### Investor A

1. What is your marital status? ☐ Single ☐ Married Number of dependents ☐

2. When, if ever, did you first start investing in each of the following? Enter the year you first invested in each of the following, for example 1974. If this is your first investment in any category, please enter the current year, if you have never invested in any category, please indicate N/A.

<table>
<thead>
<tr>
<th>Year Invested</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>Stocks</td>
</tr>
<tr>
<td>1990</td>
<td>Bonds</td>
</tr>
<tr>
<td>1990</td>
<td>Mutual funds</td>
</tr>
</tbody>
</table>

3. Approximate net worth

<table>
<thead>
<tr>
<th>Value of primary residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
</tr>
</tbody>
</table>

4. Describe source of net worth

- client has worked over 45 yrs and saved 20%

5. Approximate investable assets

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
</tr>
</tbody>
</table>

6. What is your estimated federal tax bracket?

- 15% or below
- 25% to 27.5%
- Above 27.5%

### Investor B

1. What is your marital status? ☐ Single ☐ Married Number of dependents ☐

2. When, if ever, did you first start investing in each of the following? Enter the year you first invested in each of the following, for example 1974. If this is your first investment in any category, please enter the current year, if you have never invested in any category, please indicate N/A.

<table>
<thead>
<tr>
<th>Year Invested</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>Stocks</td>
</tr>
<tr>
<td>1994</td>
<td>Bonds</td>
</tr>
<tr>
<td>1994</td>
<td>Mutual funds</td>
</tr>
</tbody>
</table>

3. Approximate net worth (include value of primary residence)

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000</td>
</tr>
</tbody>
</table>

4. Describe source of net worth

5. Approximate investable assets

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200,000</td>
</tr>
</tbody>
</table>

6. What is your estimated federal tax bracket?

- 15% or below
- 25% to 27.5%
- Above 27.5%

---

**Did you physically review original?** ☐ Yes ☐ No

**If no, describe the method and date of verification.**

**Describe verification discrepancy results.**

**Is this account an annuities account?** ☐ Yes ☐ No

**Comments:**

- Client has worked over 45 yrs and saved 20% income
### 5. Account setup

#### Products (IDs)
- Standard Brokerage (RSC)
- Money Manager (BMM)
- NE Money Manager (NEMMA)
- Master Relationship Account (MRA)
- Fee-Based
  - Fund Strategies - Advised (FSA)
  - Fund Strategies - Managed (FSM)
  - Selects (SEL)
  - Selects Single Contract (SCP)
  - Portfolio Strategies Managed (PSM)
  - Portfolio Strategies (PSF)

#### Registration Types (IDs)
- Individual (I)
- Joint with Rights of Survivorship (JRS)
- Trust Under Agreement (TRUA)
- UTMA Custodial (UTMA)
- Transfer on Death Individual (TODI)
- Transfer on Death Joint (TODJ)
- Corporate (CP)
- Partnership (PT)
- Non-Prototype (NP)
- Executor (EXEC)

#### Money Market Sweeps (IDs)
- Traditional IRA (IRA)
- IRA Rollover (IRR)
- Roth IRA (Roth)
- IRA SEP (SEP)

See the "Getting Started Guide" for additional registration types.

<table>
<thead>
<tr>
<th>Account Number (for internal use)</th>
<th>Account 1</th>
<th>Account 2</th>
<th>Account 3</th>
<th>Account 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registration Type</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investor(s) &amp; Primary Investor (if applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Settlement:</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Bank of America Account Number</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank is not available for IRA accounts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State / ABA Number</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of contribution (for retirement accounts only)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual (in dollars and tax year)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rollover</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEP-IRA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roth Conversion (indicate converting account number)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Investment objective:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preservation</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appreciation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speculation</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Initial portfolio risk tolerance: Check one
  - Conservative
  - Moderate
  - Aggressive

- Initial portfolio time horizon: Check one
  - Short (0-5 years)
  - Intermediate (6-10 years)
  - Long (over 10 years)

#### 6. Account information/agreements, duplicate confirmations and statements

- Check here if you would prefer all account information and agreements be sent to each investor's mailing address individually
- Check here for duplicate confirmations or statements (complete information below)

<table>
<thead>
<tr>
<th>Account</th>
<th>Confirmations</th>
<th>Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 7. Dividends, interest and capital gains account service instructions

All mutual fund dividends and capital gains will be reinvested; all eligible stock dividends will be paid in cash and swept to the core money market fund. Please contact your Financial Advisor or the BAI Investment Center for other options.
EXHIBIT 14
### Order Detail

<table>
<thead>
<tr>
<th>Order#</th>
<th>Status</th>
<th>Time (ET)</th>
<th>Qty</th>
<th>Trans</th>
<th>Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Filled</td>
<td>07/08/2008 03:24:07 pm</td>
<td>500</td>
<td>Buy</td>
<td>FREDDIENOTES Callable 12/28/10 - Multi-Step Coupon - Conditional Puts - Death of holder</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entering Person</th>
<th>Entered Time (ET)</th>
<th>Issue Accepting Person</th>
<th>Accepted Time (ET)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Coupon</th>
<th>Maturity</th>
<th>Trade Date</th>
<th>Settlement</th>
<th>Order Priority</th>
<th>Factor</th>
<th>Exec Type</th>
<th>Trade Type</th>
<th>Spread</th>
<th>Yield</th>
<th>Benchmark</th>
<th>Contact</th>
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</thead>
<tbody>
<tr>
<td>3133F2J97</td>
<td>5</td>
<td>07/15/2008</td>
<td>07/14/2008</td>
<td>07/17/2008</td>
<td>1.0000000000</td>
<td>Film</td>
<td>Principal</td>
<td>-</td>
<td>-</td>
<td>5.272</td>
<td>-</td>
<td>John Keating</td>
</tr>
</tbody>
</table>

### DEALER

<table>
<thead>
<tr>
<th>Qty</th>
<th>Price</th>
<th>Yield</th>
<th>Principal</th>
<th>Settlement</th>
<th>Accrued Int.</th>
<th>Net Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>99.000000</td>
<td>5.272</td>
<td>$495,000.00</td>
<td>07/17/2008</td>
<td>$0 (0 days)</td>
<td>$495,000.00</td>
</tr>
<tr>
<td>500</td>
<td>99.000000</td>
<td>5.272</td>
<td>$495,000.00</td>
<td>07/17/2008</td>
<td>$0 (0 days)</td>
<td>$495,000.00</td>
</tr>
</tbody>
</table>

### CUSTOMER

<table>
<thead>
<tr>
<th>Qty</th>
<th>Price</th>
<th>YTM</th>
<th>YTC</th>
<th>YTP</th>
<th>YTW</th>
<th>Principal</th>
<th>Settlement</th>
<th>Accrued Int.</th>
<th>Estimated Markup</th>
<th>Postage Amt</th>
<th>Net Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order 500</td>
<td>100.000000</td>
<td>5.4935.000</td>
<td>7/15/2009</td>
<td>07/17/2008</td>
<td>$500,000.00</td>
<td>$0 (0 days)</td>
<td>$5,000.00</td>
<td>$5.00</td>
<td>$500,005.00</td>
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<td></td>
</tr>
<tr>
<td>Exec 500</td>
<td>100.000000</td>
<td>5.4935.000</td>
<td>7/15/2009</td>
<td>07/17/2008</td>
<td>$500,000.00</td>
<td>$0 (0 days)</td>
<td>$5,000.00</td>
<td>$5.00</td>
<td>$500,005.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Yields are inclusive of Estimated Markup.*

**WARNING:** This trade is for a primary security

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**THE USE OF E-MAIL TO CLIENTS IS PROHIBITED**

https://www.bonddesk.com/noa/nta/nta.exe?bond.output?n=order_no=22320030.00.action
### Order Detail

<table>
<thead>
<tr>
<th>Order#</th>
<th>Status</th>
<th>Time (ET)</th>
<th>Qty</th>
<th>Type</th>
<th>Issue</th>
<th>Branch Acct No</th>
<th>Type</th>
<th>Gol</th>
<th>Solicited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Filled</td>
<td>07/08/2008 03:24:00 pm</td>
<td>500</td>
<td>Buy</td>
<td>FEDERAL NATIONAL MORTGAGE Callable 07/09/100 - Multi-Step Coupon - Conditional Puts - Death of holder</td>
<td></td>
<td>Cash</td>
<td>F6G</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entering Person</th>
<th>Entered Time (ET)</th>
<th>Accepting Person</th>
<th>Accepted Time (ET)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>CUSIP</th>
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<th>Maturity</th>
<th>Trade Date</th>
<th>Settlement</th>
<th>Order Pct</th>
<th>Exec Type</th>
<th>Trade Type</th>
<th>Spread</th>
<th>Yield</th>
<th>Benchmark</th>
<th>Contact</th>
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<tbody>
<tr>
<td>9135A1JZ1</td>
<td>4.375</td>
<td>01/15/2016</td>
<td>07/10/2008</td>
<td>07/18/2008</td>
<td>1000000000</td>
<td>Firm</td>
<td>Principal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>John Keating</td>
</tr>
</tbody>
</table>

#### DEALER

<table>
<thead>
<tr>
<th>Qty</th>
<th>Price</th>
<th>Yield</th>
<th>Principal</th>
<th>Settlement</th>
<th>Accrued Int.</th>
<th>Net Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>99.975000</td>
<td>4.644</td>
<td>$496,875.00</td>
<td>07/19/2008</td>
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<td>$496,875.00</td>
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<tr>
<td>500</td>
<td>99.975000</td>
<td>4.644</td>
<td>$496,875.00</td>
<td>07/18/2008</td>
<td>$0 (0 days)</td>
<td>$496,875.00</td>
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#### CUSTOMER

<table>
<thead>
<tr>
<th>Qty</th>
<th>Price</th>
<th>YTM</th>
<th>YTC</th>
<th>YTF</th>
<th>YTW</th>
<th>Principal</th>
<th>Settlement</th>
<th>Accrued Int.</th>
<th>Estimated Markup</th>
<th>Postage Amt</th>
<th>Net Money</th>
</tr>
</thead>
<tbody>
<tr>
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<td>5.203</td>
<td>4.375</td>
<td>07/15/2009 @ 100</td>
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<td>07/18/2009</td>
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<td>$3,125.00</td>
<td>$5.00</td>
<td>$500,005.00</td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>100.000000</td>
<td>5.203</td>
<td>4.375</td>
<td>07/15/2009 @ 100</td>
<td>$500,000.00</td>
<td>07/18/2008</td>
<td>$0 (0 days)</td>
<td>$3,125.00</td>
<td>$5.00</td>
<td>$500,005.00</td>
<td></td>
</tr>
</tbody>
</table>

*Yields are inclusive of Estimated Markup.  
WARNING: This trade is for a primary security  
This trade is placed against your own inventory.*

---

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THE USE OF E-MAIL TO CLIENTS IS PROHIBITED

https://www.bonddesk.com/boa/owa(pkg_exe)@bonds.output?p_order_no=22834030&p_action=  
8/5/2008
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<th>Price</th>
<th>Yield</th>
<th>Principal</th>
<th>Settlement</th>
<th>Accrued Int.</th>
<th>Net Money</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$492,187.50</td>
<td>07/18/2008</td>
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<td>$492,187.50</td>
<td>07/18/2008</td>
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CUSTOMER

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<td>6.132</td>
<td>5.000</td>
<td>7/17/2009</td>
<td>07/18/2008</td>
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<td>$7,812.50 (0 days)</td>
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<tr>
<td>500</td>
<td>100,000,000</td>
<td>6.132</td>
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<td>$5.00</td>
<td>$500,005.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Yields are inclusive of Estimated Markup.

**WARNING:** This trade is for a primary security. This trade is placed against your own inventory.

FOR INTERNAL USE ONLY
THE USE OF E-MAIL TO CLIENTS IS PROHIBITED

https://www.bonddesk.com/boa/owa/pkz exec bond nutmut?n order no=7240488&n action=

Confidential Treatment
BOA 2023
EXHIBIT 15
YOU BOUGHT

Symbol: FSHG 100 3133F2157 Trade Date: 07-14-08

SECURITY DESCRIPTION

FEDERAL HOME LN MTG CORP CALL STEP
WE HAVE ACTED AS PRINCIPAL
STEP COUPON - CURRENT COUPON 5.00000%
MATURE DATE 07/15/2018 CALLABLE NEXT CALL 07/15/09 @ 100.00
NEXT RESET 07/15/12 NEXT RATE 5.25000%
YIELD TO MATURITY 5.4939%
YIELD TO CALL 5.00000% TO 07/15/09 @ 100.00
CONTINUOUSLY CALLABLE FROM 07/15/09
MOODY'S AAA STANDARD & POOR'S AAA
INTEREST PAID SEMI-ANNUALLY DTD 07/15/2008
ADDITIONAL CALL FEATURES MAY EXIST THAT COULD AFFECT YIELD;
COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST

Principal Amount: 500,000.00
Post / Serv Fee: 5.00
Settlement Amount: 500,005.00

Banc of America
Investment Services, Inc.

Account: [Redacted]
Confirm Date: 07/14/08

Investment Rep Name: JOHN KEATING
For Questions Call: (781) 682-7924

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL
ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.
EXPLANATIONS OF CODED SYMBOLS

EXCH. - EXCHANGE:
0 - Open Order
1 - New York Stock Exchange
2 - American Stock Exchange
3 - Philadelphia Stock Exchange
4 - Over the Counter Market
9 - NASDAQ Stock Market
6 - Chicago Board of Options Exchange
7 - Chicago Stock Exchange
8 - NYSE Arca

ORIG. - ORIGIN:
0 - Average Price - capacity and details furnished upon request
1 - 1234 & B - National Financial Services LLC has acted as Agent for This Trade
2 - National Financial Services LLC has acted as Principal for This Trade
6 - Syndicates
7 - When Issued Transactions
9 - Cross Trades - capacity furnished upon request

A - We have acted as Agent for this Trade.
C.X. - We have acted as Agent for the Buyer and Seller charging a commission as shown on the face hereof. Commission rates are subject to negotiation and any commission charged to you in this transaction may be more or less commissions charged to or by others in similar transactions. The source and amount of other commissions charged in connection with this transaction will be furnished upon request.

E.Z. - We have acted as Principal for our Own Account. As the transaction was effected on an Exchange, a commission has been charged.
P - We have acted as Principal for this Trade.

T - TYPE OF ACCOUNT:
0 - Deliver/Receive Vs. Payment
1 - Cash Account
2 - Margin Account
3 - Short Account
6 - Special Account
8 - When Issued/TBA
9 - Income Account

If an odd-lot differential is indicated on the face of this confirmation, an amount of 12-1/2 cents per share was added to the price of purchase or deducted from the price of sale.

Certain transactions involve a commission as described in the prospectuses.

A service fee or markup/markdown may be charged on certain transactions.

D1. Additional call features exist that may affect yield; complete information will be provided upon request.
D2. No periodic interest payments - Callible below maturity value without notice by mail to holder unless registered.
D3. For bonds called and issued in bearer form, it may be difficult for you to determine whether the securities have been called.
D4. An asset-backed security represents an interest in or is secured by a pool of financial assets that may be subject to continuous prepayment. The actual yield may vary based on prepayment rates of the underlying receivable or other financial assets. Information concerning factors that affect yield will be furnished upon written request.

Information concerning factors that affect yield will be furnished upon written request.

Ratings information when provided has been obtained from select ratings services which NFS believes to be reliable, however NFS cannot guarantee its accuracy or completeness. Ratings are subject to change. NR denotes that the security is not rated by the issuer rating organization. The security may be rated by other rating services.

Certain securities, including bonds, preferred stocks, and common stocks, may be subject to call or redemption (prior to maturity, if applicable). Call features may exist in addition to those which may appear on the front of the confirmation. Early call or redemption could affect yield. Complete information will be provided upon written request.

Describe words in the "Securities Description" of any security are used for identification purposes only, and do not constitute representations.

In accordance with your instructions we are pleased to confirm or advise the transaction or order for your account and risk subject to the terms listed below.

Please inform your office promptly if there is an error in this confirmation. Your failure to do so may result in the inability to amend a transaction. Please address all communications to the firm and not to individuals and include your brokerage account number on all checks and communications.

It is understood and agreed that all transactions made for you are subject to the rules and customs of the exchange or market (and its clearing house, if any) where executed by us or by our agents of the Financial Industry Regulatory Authority, as the case may be, and to the Securities Exchange Act. It is further understood and agreed that on margin business all securities or other things bought or held by us, are pledged as collateral for any and all claims and demand we have or may have against the party giving such orders whether arising hereunder or not. It is further understood and agreed that we have the right to close transactions without further notice, at public or private sale, without liability for subsequent difference in value, when such a sale or purchase is deemed necessary by us for our protection, with the right to our part of becoming the purchaser thereof free from all trust that securities held by us in margin accounts (and in cash accounts until paid for in full) are or may be hypothecated for the sum due thereon, or for a greater sum, under circumstances which will permit the concluding thereof with securities carried for the account of other customers; and that we have the right to loan such securities held by us.
EXPLANATIONS OF CODED SYMBOLS

When Issued, When Distributed, or TBA Transactions: The information contained herein is an estimate based upon information available at the time of your order. The final figures will be forwarded to you when obtainable upon issue, delivery, or pool allocation. Such transactions shall be settled at such time, price, and in such manner and by delivery of such securities and/or other property as determined by the exchange or association to whose rules direct the transaction is subject or shall be canceled if such exchange or association shall so determine. National Financial Services LLC ("NFS") may demand deposits to secure this transaction and reserves the right to close this transaction upon the failure of the customer to tender such deposit.

An open order will remain in effect until executed or canceled. Customers may cancel open orders at any time prior to execution. NFS will cancel open orders after 120 calendar days and we reserve the right, but are not obligated, to cancel open orders when the limit price becomes unrealistic in relation to the market price. A cancellation notice will be delivered to you in this event. Limit or OPEN ORDERS TO BUY and STOP ORDERS TO SELL, subject to the rules of the exchange or association where the securities are traded, may be automatically adjusted on the date the security trades "ex-dividend," "ex-rights," "ex-distribution," or "ex-interest." Unsecured portions of an open order which are executed on subsequent days are treated as separate orders for commission purposes. In accordance with industry practices.

In addition to sales loads and 12b-1 fees described in the prospectus, NFS or your brokerage firm may receive compensation up to 35 basis points of the average daily net assets of certain mutual funds in connection with your purchase of those mutual funds and/or the ongoing maintenance of your brokerage account with respect to those shares. The compensation is paid by the mutual fund and/or its affiliates. Additional information about the source and amount of the compensation will be furnished to you upon written request. At the time you purchase shares of a fund, those shares may be assigned either to a transaction fee (TF) or no transaction fee (NTF) status. When you subsequently sell those shares, any applicable fees will be assessed based on the status assigned to the shares at the time of purchase. Please refer to the pricing schedule for the Transaction Fee Rate. Other compensation may have been received and information will be furnished on request.

This statement is computed for payment by bank draft on settlement date. If payment is made at a later date, additional interest to date of payment will be charged. Name of the other party, time of execution and information furnished on request.

Payment for Order Flow Disclosure: Exchange Act Rule 10b-10(4)(211)(c). Your broker/dealer and/or NFS receives remuneration, compensation, or consideration for directing orders in securities to particular broker/dealers or market centers for execution. The source and nature of any compensation received in connection with your particular transaction will be disclosed upon written request to your broker/dealer. Please review your broker/dealer's annual disclosure on payment for order flow policies and order routing policies.

Bank of America Investment Services, Inc. (BAI) transmits most of its customers' orders in fixed income and preferred securities to BondDesk, an electronic communications network (ECN), or to Bank of America Securities LLC (BAS), for execution. In addition, BAI may also transmit some of its customers' orders in equities to BAS for execution. BAS and BAI have a revenue sharing agreement under which BAS compensates for its services. From time-to-time, BAS will trade with BAI from its BAS inventory. In such cases, BAS may recognize profit or loss on its position based upon the revenue sharing agreement with BAI.

BAI also makes available to its customers certain new-issue securities which it receives from BAS, which may be a member of the syndicate or selling group through which such securities are underwritten or offered. In such circumstances, BAS and BAI may share a portion of the selling concession as well. BAI also routes certain of its customers' orders to its clearing broker, National Financial Services LLC, which may also be compensated for its services.

Bank of America Investment Services, Inc. utilizes the services of Bank of America Securities LLC (BAS), an affiliated broker/dealer, to provide Auction Rate Securities to our clients. For information regarding BAS' material auction practices, please refer to our website www.halselect.com or by contacting your BAI Financial Advisor.

In addition to the compensation received by BAI described on this confirmation, BAI receives remuneration and/or other compensation in the form of revenue sharing payments from the advisors or distributors of some of the mutual funds that BAI Financial Advisors sell. Revenue sharing payments are based on (i) the total amount of mutual fund sales made by BAI for the mutual fund family and (ii) the total net assets of mutual fund shares of the mutual fund family held by BAI customers. Revenue sharing payments give BAI a financial incentive to sell certain mutual funds, and therefore create a conflict of interest when a BAI Financial Advisor recommends these mutual funds to you. However, it is important to note that BAI Financial Advisors receive no additional or differential compensation as a result of these revenue sharing arrangements and are subject to broker-dealer suitability requirements. For more information on revenue sharing, please visit http://www.bankoffamerica.com/investments or call our toll-free number at 1.800.822.2222.

Important Information About Equity Research Rating Systems:
The securities ratings that appear on this confirmation statement are being provided for informational purposes only and should not be construed as investment advice. These ratings indicate whether they are from Bank of America Securities, LLC ("BAS"), an affiliate of Bank of America Investment Services, Inc. ("BAI"), or from an independent third-party research provider ("TPR"). BAS does not endorse or otherwise support the TPR research or ratings. The delivery of this information is not to be considered an offer or solicitation of securities and in no way guarantees the future performance of these securities.

Different firms use a variety of ratings terms and rating systems in their research. BAS uses an "absolute" rating system of "buy," "hold" or "sell." TPRs may use an absolute rating system with "buys," "holds" or "sells." Ratings may be qualified with terms like "overweight," "neutral" or "underweight," or a different system altogether. Because different types of ratings systems can result in ratings that mean very different things, you should carefully read the definitions of the ratings from BAS and from each of the TPRs (which can be accessed at BAI's Website, www.haliselect.com or can be found on the research itself). Full research reports containing the basis for the ratings and information on the analyst's views are available to you free of charge upon request. You should read the research carefully and not infer its content from the rating alone. Research reports can be obtained by contacting your investment representative.
Banc of America
Investment Services, Inc.

Trade Confirmation Summary Report

Account: [redacted]
Confirm Date: [redacted]

Investment Rep Name: John Keating
For Questions Call: (781) 682-7024

YOU BOUGHT
Symbol: [redacted]
Quantity: 100
Price Per Share: $313.50
Trade Date: 07-10-08
Settlement Date: 07-18-08

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<td>100</td>
<td>$313.50</td>
<td>500,000.00</td>
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</tbody>
</table>

- Principal Amount: 500,000.00
- Post / Serv Fee: 5.00
- Settlement Amount: 500,005.00

SECURITY DESCRIPTION:
FEDERAL NATIONAL MORTGAGE ASSO CALL STEP
WE HAVE ACTED AS PRINCIPAL
STEP COUPON - CURRENT COUPON 4.37500%
MATURE ON 01/15/2016 CALLABLE NEXT CALL 07/15/09 @ 100.00
NEXT RESET 01/15/11 NEXT RATE 5.00000%
YIELD TO MATURITY 4.25002%
YIELD TO CALL 4.37500% TO 07/15/09 @ 100.00
CONTINUOUSLY CALLABLE FROM 07/15/09
MOODY'S AAA STANDARD & POOR'S AAA
INTEREST PAID SEMI-ANNUALLY DTD 07/18/2008
ADDITIONAL CALL FEATURES MAY EXIST THAT COULD AFFECT YIELD:
COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST

THE TRANSACTION MAY HAVE BEEN EXECUTED WITH BANC OF AMERICA
SECURITIES LLC., AN AFFILIATE, WHICH RECEIVES COMPENSATION FOR
ANY SUCH SERVICES.

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL
ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.
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Maturity Date 07/17/2008 Callable Next Call 07/17/09 @ 100.000
Reset Frequency Every 4 Years Next Reset 07/17/12 Next Rate 5.5000%
Yield to Maturity 5.588%
Yield to Call 4.750% to 07/17/09 @ 100,000
Continuously Callable from 07/17/09
Moody's AAA, Standard & Poor's AAA
Interest paid semi-annually DTD 07/18/2008
Additional call features may exist that could affect yield;
Complete information will be provided upon request
Prospectus under separate cover solicited order

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Maturity Date 07/17/2028 Callable Next Call 07/17/09 @ 100.000
SECURITY DESCRIPTION (continued)
RESET FREQUENCY EVERY 5 YEARS NEXT RESET 07/17/13 NEXT RATE 5.000000%
YIELD TO CALL 5.000%, TO 07/17/09 @ 100.000
CONTINUOUSLY CALLABLE FROM 07/17/09
MOODY'S AAA  STANDARD & POOR'S AAA
INTEREST PAID SEMI-ANNUALLY DTD 07/18/2008
ADDITIONAL CALL FEATURES MAY EXIST THAT COULD AFFECT YIELD:
COMPLETE INFORMATION WILL BE PROVIDED UPON REQUEST
PROSPECTUS UNDER SEPARATE COVER SOLICITED ORDER
EXPLANATIONS OF CODED SYMBOLS

When Issued, When-Distributed, or TBA Transactions: The information contained herein is an estimate based upon information available at the time of your order. The final figures will be forwarded to you when obtained upon issue, delivery, or pool allocation. Such transactions shall be settled at such time, place, and in such manner, and by delivery of such securities and/or other property as determined by the exchange or association to whose requirements the transaction is subject or shall be cancelled if such exchange or association shall so determine. National Financial Services LLC (NFS), may demand deposits to secure this transaction and reserves the right to close this transaction upon the failure of the customer to tender such deposit.

An open order will remain in effect until executed or canceled. Customers may cancel open orders at any time prior to execution. NFS will cancel open orders after 120 calendar days and we reserve the right, but are not obligated, to cancel open orders when the limit price becomes unrealistic in relation to the market price. A cancellation notice will be delivered to you in this event. Limits on OPEN ORDERS TO BUY and STOP ORDERS TO SELL, subject to the rules of the exchange or association where the Securities are listed, may be automatically adjusted on the date the security trades "ex-dividend", "ex-rights", "ex-distribution", or "ex-interest". Unexecuted portions of an open order which are executed on subsequent days are treated as separate orders for commission purposes, in accordance with industry practices.

In addition to sales loads and 12b-1 fees described in the prospectus, NFS or your brokerage firm may receive compensation up to 3% basis points of the average daily net assets of certain mutual funds in connection with your purchase of those mutual funds and/or the ongoing maintenance of your brokerage account with respect to those shares. The compensation is paid by the mutual fund and/or its affiliate. Additional information about the source and amount of the compensation will be furnished to you upon written request. At the time you purchase shares of a fund, these shares may be assigned either a transaction fee (TF) or no transaction fee (NTF) status. When you subsequently sell those shares, any applicable fees will be assessed based on the status assigned to the shares at the time of purchase.

Other remuneration may have been received and information will be furnished on request.

This statement is computed for payment by bank draft on settlement date. If payment is made at a later date, additional interest to date of payment will be charged.

Name of the other party, time of execution and remuneration furnished on request.

Payment for Order Flow Disclosure Exchange Act Rule 10b-10(a)(2)(i)(C) . Your broker/dealer and/or NFS receives remuneration, compensation, or consideration for directing orders in securities to particular broker/dealers or market centers for execution. The source and nature of any compensation received in connection with your particular transaction will be disclosed upon written request to your broker/dealer. Please review your broker/dealer’s annual disclosure on payment for order flow policies and order routing policies.

Bank of America Investment Services, Inc. (BAI) transmits most of its customers’ orders in fixed income and preferred securities to BondDesk, an electronic communications network (ECN), or to Bank of America Securities LLC (BAS), for execution. Additionally, BAI may also transmit some of its customers’ orders in equities to BAS for execution.

BAS and BAI have a revenue sharing arrangement under which BAS is compensated for its services. From time to time, BAS will trade with BAI from its (BAS’s) inventory.

In such cases, BAS may recognize profit or loss on its position apart from its revenue sharing relationship with BAI.

BAI also makes available to its customers certain new-issue securities which it receives from BAS, which may be a member of the syndicate or selling group through which such securities are underwritten or offered. In such circumstances, BAS and BAI may share a portion of the selling concession. In such circumstances, BAS and BAI may share a portion of the selling concession. In such circumstances, BAS and BAI may share a portion of the selling concession.

In addition to the compensation received by BAI described on this confirmation, BAI receives remuneration or other compensation in the form of revenue sharing payments from the advisers or distributors of some of the mutual funds that BAI Financial Advisors sell. Revenue sharing payments are based on (i) the total amount of mutual fund sales made by BAI for the mutual fund family and/or (ii) the total net assets of mutual fund shares of the mutual fund family held by BAI customers. Revenue sharing payments give BAI a financial incentive to sell certain mutual funds, and therefore create a conflict of interest when a BAI Financial Advisor recommends these mutual funds to you. However, it is important to note that BAI Financial Advisors receive no additional or differential compensation as a result of these revenue sharing arrangements and are, when making recommendations, subject to broker-dealer suitability requirements. For more information on revenue sharing, please visit http://www.bankofamerica.com/investments or call our toll-free number at 1-800-822-3222.

Important Information About Equity Research Rating Systems:

The securities ratings that appear on this confirmation statement are being provided for informational purposes only and should not be construed as investment advice. These ratings do not endorse or otherwise affect BAI research or ratings. The delivery of this information is not to be considered an offer or solicitation of securities and is not in any way guarantees the future performance of these securities.

Different firms use a variety of ratings terms and rating scales in their research. BAS uses an "absolute" rating system of "buy", "neutral" or "sell". IRPs may use an absolute rating system (with "buy", "hold" or "sell"). The relative rating systems are an "overweight", "neutral", or an "underweight", or a different system altogether. Because different types of ratings may differ from each other, it is important to note that BAI Financial Advisors receive no additional or differential compensation as a result of these revenue sharing arrangements and are, when making recommendations, subject to broker-dealer suitability requirements. For more information on revenue sharing, please visit http://www.bankofamerica.com/investments or call our toll-free number at 1-800-822-3222.

Research reports can be obtained by contacting your investment representative.

PAGE 5 OF 5

Rev 07.01.08
From: Tucci, John A [john.a.tucci]
Sent: Thursday, October 09, 2008 2:52 PM
To: Burns, Andrew D; Kelly, Paul
Subject: 
Attachments: [redacted] pdf

Andrew/Paul:

I have been assigned to the [redacted] case, a copy of which is attached. Please obtain a signed statement from John Keating and Reggie Aquino please be sure they includes the following:

- A chronological summary of communication(s) with the client. Please describe the content of all significant conversations, indicate when and where those conversations took place, and list anyone who may have been present during those discussions.
- Indicate the basis for any investment recommendations.
- Reply to any specific allegations made in the complaint. The response should note each and every instance where the Registered Representative’s recollection of events differs from or agrees with the client’s.
- List any written information (prospectus or marketing material) that was provided to the client and document when it was provided.

Also, if a Sales Assistant was present during any of the meetings between [redacted] and the FA and/or PCM, I would request a statement from her as well.

Please make sure the FA is aware that this statement may be submitted to various regulatory authorities and can possibly impact his registration. It is imperative that we receive a response no later than October 23, 2008.

If you, the PCM or the FA have any questions or concerns, please contact me at 212.747.6686.

Paul – please review the client file and forward any letters, emails and documents to my attention.

John A. Tucci
AVP, GWIM Compliance Manager
Premier Banking & Investments™
26 Broadway
New York NY 10004
Phone. 212.747.6686
Fax: 212.378.4887
Client was going to roll an 8-month note free CO, client may yet ask John Keating involved.

- Sold FA Keating wanted no risk + liquidity that the least over $1,000,000 in market desirability that again FA + client stay match

- Granted client may have been fully disclosed their price would fluctuate which seem not be done of since this implicit arrow when he pulled $950k out from his bond sold below par

- Regardless FA should have never recommended Fannie/Freddie bonds

- Which two, AIN + FA are changing them next on implicit quit generation which is due it was sold to client—undefined presentation.
EXHIBIT 18
Judy and Todd --

Below is a success story in which the FA presented an Agency Step Up to Retain the assets within BofA....this is an idea to help you should monies be leaving the Bank of America due To competitor pricing....CM/FA are moving forward with thru the CMP process.

FAs have access to some very attractive Step Up issues...

Thanks,

Kathy

Email from FA to MD/MM:

I would like to recognize Reggie Aquino for some fantastic CM work done yesterday. Reggie has a client named [redacted] who had 2 million dollars in cd's come due. He initiated a conversation to discuss renewal CD rates and the clients had NO interest in our renewal rates. In fact, he directed the funds to be moved to their checking account instead of their money market account, which Reggie took as a correct indication that the client was going to look elsewhere. The client did offer to discuss other alternatives and at that point Reggie introduced me. I was able to open an account and purchase 2 million dollars in agency step ups for the client. What may be even better is that Reggie and I were able to secure an appointment with this client next week to profile and potentially bring in more money.
EXHIBIT 19
Banc of America
Investment Services, Inc.
Compliance Manual for Series 6

00-25-2985NSB May 6, 2008

Duplication and distribution of this document outside of Banc of America Investment Services, Inc., without authorization is a violation of corporate policy.

Remember, all information about customer relationships with Banc of America Investment Services, Inc., is strictly confidential.
Keep it to yourself!

©2003 Banc of America Investment Services, Inc.
Charlotte, North Carolina
All Rights Reserved

This document is classified
for Internal Use Only

Confidential Treatment Requested
Banc of America Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Overview – Introduction</th>
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<tbody>
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</tbody>
</table>

Banc of America Investment Services, Inc. ("BAI") and its associates are committed to conducting business in an ethical manner to comply with applicable rules and regulations. This manual addresses the legal, regulatory and internal policies and procedures for BAI Investment Services Representatives ("ISRs") who are dual employees of Bank of America (the "Bank") and BAI.

All ISRs are required to carefully review this manual and to sign an acknowledgment form signifying that they have received, either in hard copy or electronically, and will comply with the manual. Questions regarding the manual should be directed to their BAI Series 26 Supervisor and then to the BAI Compliance Department. ISRs are required to report to their BAI Series 26 Supervisor and/or their BAI Series 6 Regional Executive, as well as the BAI Compliance Department, any violation of legal, regulatory or internal policies of which they become aware. Any violation of rules, regulations or internal BAI policy may result in disciplinary action up to and including termination.

The role of a Series 6 Program dually employed associate presents distinct opportunities and challenges. This manual is intended to guide ISRs in complying with the regulations and policies that govern their activities on behalf of BAI.

Revisions to this manual will be distributed, either in hard copy or electronically, in the normal course of business. ISRs who maintain hard copies are responsible for inserting revised pages and discarding superseded pages so that their manual is up to date. ISRs are responsible for maintaining a current copy in their workplace, segregated from bank-related materials, or being able to demonstrate online access. (ISRs who cease to be a part of the Series 6 program must return all BAI manuals to their S26S.)

We hope that you find this manual to be a helpful tool to promote compliance with the applicable requirements of the industry and BAI policies.

Note: Portions of the material in this manual have been provided for informational purposes only and should not be construed as an indication that ISRs may attempt to act in a manner beyond their current licenses and training.
The following are definitions of terms which may be found throughout this manual. While all of these terms and definitions may not be relevant to your current activities at BAI, they are provided to aid in understanding the structure in the various delivery channels at BAI.

- **Supervisory Principal** – An individual designated to supervise a particular area, who holds the appropriate NASD supervisory registrations for that area (see section 2.5.1, “Principal Registration”).

- **Regional Compliance Officer (“RCO”)** – An individual assigned by the BAI Compliance Department as having compliance responsibilities for Full Service, Discount and Series 6 Program brokerage activities in a designated region.

- **BAI Senior Management** - Includes BAI personnel designated as Chief Executive Officer, President, National Sales Director (Full Service or Discount Brokerage or Series 6 Program), Director of Compliance, Chief Operating Officer, or any other officer as designated by the BAI Board of Directors or President.

- **Series 6 Regional Executive (“S6RE”), understood to mean BAI S6RE** - Supervisory Principal who reports to the National/Regional Sales Director with responsibility for sales activity and supervision in a particular region.

- **National/Regional Sales Director** – Individual with responsibility for BAI Full Service, Discount or Series 6 Program brokerage sales activity.

- **Investment Services Representative (“ISR”), understood to mean BAI ISR** – A registered associate who acts in the capacity of a dual employee of BAI and the Bank, and who may offer limited investment guidance and products to customers. ISRs are, at minimum, Series 6 and Series 63 licensed.

- **Financial Advisor (“FA” understood to mean BAI FA)** – A Series 7 Registered Representative who acts in a full service capacity, providing investment advice and guidance to clients who want assistance in making investment decisions.
- **Registered Sales Assistant** – A Series 7 Registered Representative or Series 11 Registered Representative who assists a Registered Representative with opening, servicing and accepting unsolicited orders for customer accounts. Registered Sales Assistants may not provide investment advice to customers.

- **Immediate family member** - a Registered Representative’s parents, mother-in-law or father-in-law, spouse, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and the Registered Representative’s children, and any other individual to whom the Registered Representative provides material support.

- **Investment Specialist ("IS", understood to mean BAI IS)** – A Series 7 Registered Representative who acts in a discount capacity, providing research and self-help tools to clients who make their own investment decisions.

- **Associated Person** – A BAI associated person includes but is not limited to:
  - Registered Representatives who holds his or her license with BAI;
  - non-registered Bank or BAI (field or home office) associates that provide a securities-related service for BAI;
  - non-registered Bank or BAI (field or home office) associates that have contact or potential contact with a BAI customer’s securities or monies;
  - non-registered Bank or BAI (field or home office) associates that make changes to the firm’s books and records.

This definition is not dependent on a person’s status as a BAI employee. A non-registered Bank associate that is not a BAI employee is also considered a BAI associated person if his or her role meets the criteria described above or as described by SEC rule 17-f (2).

SEC Rule 17-f (2) defines an associated person as a “Person associated with a member” or “associated person of a member” when used with respect to a member of a national securities exchange or registered securities association means any partner, officer, director, or branch manager of such member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such member, or any employee of such member, except that the employee’s functions are solely clerical or ministerial.

All associates who meet this definition or the BAI specific criteria must complete the BAI pre-hire process. For non-sales BAI associated persons, Managers need to follow the instructions found on the Registration tab of the BAI Intranet. BAI associated persons are required to be fingerprinted and must complete the annual BAI Online Annual Questionnaire. They are subject to all
other BAI policies included but not limited to the following:

- **Outside Business Activities**
- **Personal securities accounts**
- **Gifts and entertainment**
- **Political Contributions**
- **Code of Ethics**
- **Conflicts**

- **Office of Supervisory Jurisdiction ("OSJ", understood to mean BAI S6 OSJ)** - BAI has designated certain offices as Offices of Supervisory Jurisdiction as defined by the NASD. Each OSJ supervises ISRs and registered locations of BAI. Certain Managers are designated as BAI principals of the OSJ.

- **Series 26 Supervisor ("S26S", understood to mean BAI S26S)** - A designated principal with supervisory responsibility and authority related to ISRs. The general term includes BAI Series 26 Supervisors of registered locations.

- **BAI Marketing Principal** - The designated BAI registered principal responsible for overseeing the pre-approval of all firm generated advertising and sales literature, as well as maintenance of BAI’s official advertising and sales literature books and records. In accordance with NASD Rule 2210, the BAI Marketing Principal must provide final approval before material that mentions BAI or the products and services offered through BAI may be used with the public. The BAI Marketing Principal may delegate this function to another properly registered and experienced BAI registered principal, provided that the BAI Marketing Principal documents this delegation in writing, and oversees the activities of the person to whom the function has been delegated.

- **BAI Training Principal** - The BAI registered principal responsible for overseeing the pre-approval of all training material for BAI Registered Representatives, and maintenance of BAI’s official training books and records, including copies of materials and attendance records. The BAI Training Principal may delegate this function to another properly registered and experienced BAI registered principal, provided that the BAI Training Principal documents this delegation in writing and oversees the activities of the person to whom the function has been delegated.

- **Designated Principals in Accordance with 3012** - In accordance with NASD Rule 3012, between the time the rule went into effect and November, 2006, the CAO/Governance and Process Executive was responsible for establishing, maintaining, and enforcing a system of supervisory control policies and

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1 NASD Conduct Rules, Rule #3010 NASD Manual [CCH]
procedures that will test and verify that BAI’s supervisory procedures are reasonably designed to comply with applicable securities laws and NASD rules and amend those supervisory procedures where necessary. In November, 2006, the newly created role of BAI Operations Executive assumed this responsibility.

- **BAI Senior Municipal Principal ("SMP")** - The BAI registered principal responsible for overseeing compliance with certain MSRB rules. In particular, the BAI Senior Municipal Principal is responsible for supervision and oversight of interdealer transactions for compliance with Rule G-18 and review of the mark-up grid to ensure compliance with Rule G-30. The SMP is also responsible for municipal new issue due diligence and approval and for providing subject matter expertise to the BAI Marketing Principal in the review of municipal advertising. The SMP is also responsible for BAI's political contribution oversight program for compliance with Rule G-37. The SMP may delegate these functions to another properly registered and experienced BAI registered principal, provided that the SMP documents this delegation in writing and oversees the activities of the person to whom the function has been delegated. These responsibilities do not include municipal fund securities.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>The Corporate Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Banc of America Investment Services, Inc. is an indirect subsidiary of Bank of America Corporation.

BAI provides investment services and products through various channels: Full Service Brokerage, Discount Brokerage and the Series 6 Program brokerage services. Through Full Service Brokerage, customers receive guidance and advice regarding their investments from FAs. Pursuant to SEC Rule 202(a)(11)-1, in order to not be deemed an Investment Adviser as defined in the Investment Adviser Act of 1940, advice provided to brokerage clients should be solely incidental to the brokerage services provided to those accounts. As such, references to “advice” in the compliance and supervisory manuals, other than when used in the context with one of BAI's investment advisory programs, refers to advice that is solely incidental to the brokerage services provided to the account. For example, when providing advice about mutual funds and other securities purchased through a BAI brokerage account, the Registered Representative is providing advice on behalf of the broker/dealer. When providing advice regarding a wrap account or separately managed account (Selects, etc.) the Registered Representative is wearing his/her "IAR hat" and acting on behalf of BAI as a Registered Investment Advisory firm. ISs in Discount Brokerage Services provide customers with self-help information tools and resources customers need to make their own investment decisions. The Series 6 Program brokerage services offers limited assistance and products to customers through the services of Series 6 Program dually employed associates (ISRs).
Banc of America  
Investment Services Inc.  
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Employment by Bank of America</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>2.13.1</td>
</tr>
</tbody>
</table>

As an ISR, you are dually employed by the Bank and BAI for the purpose of selling limited products. It is not necessary to request a separate approval to engage in the sale of these products as an outside business activity; however, it must be disclosed on the Form U-4 under employment.
This section contains the policies and general procedures for all Registered Representatives. Portions of the material in this section have been provided for informational purposes only and should not be construed as an indication that ISRs should attempt to act in a manner beyond their current licenses and training. For example, mark-up information is provided to assist ISRs in understanding a securities industry concept, however their current licenses and current policies and procedures prevent them from discussing mark-ups with customers.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Restrictions on Banking Center Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.1.3</td>
</tr>
</tbody>
</table>

Non-registered banking center personnel are prohibited from engaging in any activities associated with customer purchases and sales of non-deposit investment products. ISRs may not use branch personnel to assist in sales or to translate or to serve as translator if the customer does not speak English. Non-registered banking center personnel may only:

- Refer customers who are interested in obtaining additional information or making an investment to an ISR, IC or IS, as appropriate.
- Inform customers about the availability of investments through BAI. (They may not mention specific investment products, rates, yields, etc.)
- For asset management accounts (i.e., Money Manager Accounts or Master Relationship Accounts), may explain the general characteristics of the account, but must refer to an ISR, FA or IS, as appropriate, for a detailed explanation and/or account opening.
- Provide approved BAI Self-Directed "general capabilities" brochures to customers who either specifically request one or if they generally ask about a Self-Directed brokerage product or service. An approved "general capabilities" brochure may also be provided if, during a conversation with the client, Self-Directed brokerage needs are discovered. Non-registered personnel may not proactively solicit, promote or offer brokerage products or services to customers.

Non-registered banking center personnel have very specific guidelines and procedures provided by Bank of America. They should be encouraged to refer to these procedures if they have questions.
Associates who are not dual employees of the Bank and BAI, and who are not associated or registered with BAI, may not discuss specific investment products or services offered by BAI, pre-qualify customers based on financial status and investment history and objectives, solicit new brokerage accounts or accept orders. Additionally, they may not assist customers in completing brokerage account documents (except for the bank portion of the Money Manager or Master Relationship Account application), accept instructions from customers with regard to existing brokerage accounts or investments nor relay messages to customers with regard to any information concerning investments or brokerage accounts.

Non-registered associates should refer to the Teller Operations Manual (currently distributed in the East and Central regions) or the Platform Assistance Manual (currently distributed in the East and Central regions) to determine the scope of their responsibilities with regard to referrals to BAI, including referrals for the Money Manager Account. Non-registered associates in the West should continue to use current tools until the Teller Operations and Platform Assistance Manuals are rolled out in the West.

Non-registered and/or non-licensed Consumer Banking Center associates (excluding tellers) may provide approved BAI Self-Directed “general capabilities” brochures to customers who either specifically request one or if they generally ask about a Self-Directed brokerage product or service. An approved “general capabilities” brochure may also be provided if, during a conversation with the client, Self-Directed brokerage needs are discovered. Non-registered personnel may not proactively solicit, promote or offer brokerage products or services to customers.
BAI is required by securities laws and industry rules to exercise supervision over each customer account and securities transaction. For the Series 6 Program, direct supervision is exercised, in part, by the S26S and S6RE through reviews of all incoming and outgoing correspondence, customer portfolios and surveillance reports. New account applications and initial transactions are reviewed and principalled in a centralized location.

New account applications and initial transactions are reviewed for suitability in the BAI Middle Office by the Middle Office Principal.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>General Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.3.1</td>
</tr>
</tbody>
</table>

It is the policy of BAI that all customers be dealt with fairly and honestly. ISRs must act in the best interests of their customers. BAI’s standards of professional conduct at all times require ISRs to:

- Have a thorough knowledge of their customers, their investment-related needs and their previous investment experience;
- Have a thorough knowledge of the investment products they are permitted to offer and potential risk of those products offered through BAI;
- Give customers full and prompt disclosure of all known or reasonably ascertainable facts regarding investment products they are permitted to offer.
- ISRs must also provide the disclosures mandated by banking and securities regulations as outlined in the “Selling Practices” and “Standards for Communications with the Public” sections of this Chapter.

Additional guidelines related to professional conduct may be found in the BAI Code of Ethics and the Bank Code of Ethics and are incorporated herein by reference.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

SECTION: Introduction
AOG NO.: 3.4.1

The obligation to put our customers' interests first is basic to our business and is required by applicable laws and regulations. The reputation and success of BAI and its ISRs depend upon their ability to fulfill the needs and objectives of BAI's customers, and can be accomplished only by having a thorough understanding of the customer's background, financial situation, investment objectives and risk tolerance.

If a customer refuses to provide this information, the ISR must indicate the refusal in writing on the application. During the principal approval process for the new account, the Middle Office Principal will decide whether the account should be opened based upon the information obtained. New accounts should not be opened for customers who refuse to provide suitability information. Changes involving investment objectives will be confirmed with the client(s) by NFS mailing the Revised Account Profile (RAP) after the changes are made.

ISRs may not recommend to a customer the purchase, sale or exchange of any security or account without reasonable grounds to believe the recommendation is suitable for the customer. The suitability of the recommendation should be based on information furnished by the customer, after a reasonable inquiry concerning the customer's investment objectives, financial situation, prior investment experience, risk tolerance and any other information relative to suitability is made. Expanded capabilities ISRs must use the Investor Profiler Worksheet (Profiler) to better understand the customer's investment needs and to help the customer identify his/her overall financial goals.

All ISRs must take into account the suitability and general standards described below.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Suitability Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.4.2</td>
</tr>
</tbody>
</table>

NASD Conduct Rule 2310 requires that prior to the execution of a transaction, Registered Representatives obtain sufficient information from customers to make a judgment about the suitability of the investment for a particular customer. At a minimum, this includes information concerning the customer’s financial situation, tax status, investment objectives, source of income, risk tolerance and any other factors which may be relevant.

The NASD’s suitability standards have been adopted by the banking regulators as the appropriate “minimum” standard for sales activities conducted by bank-affiliated broker dealers.
“Suitability” is not just limited to the facts and goals as of the time an account is opened. Customers’ investment objectives and financial situations change from time to time, and current information must be obtained by the ISR regarding suitability prior to the time of any transaction. It is the ISR’s responsibility to update customers’ suitability information when they determine there is a significant change in the customer’s financial situation, tax status, investment objectives or other information. (For subsequent transactions, if done a year or more after the initial transaction, it is recommended that the ISR re-profile the customer since his/her investment needs and financial goals may have changed.) ISRs must update customer suitability information by completing the Series 6 Suitability Update form and signing, dating and faxing the completed form to the New Accounts Maintenance Group. ISRs should keep the original of the Series 6 Suitability Update form in a customer pending file for 30 days, in order to give New Accounts Maintenance time to image the form.

The concept of suitability goes beyond the propriety of a particular security in a portfolio. Attention must also be paid to such factors as concentration, diversification, risk tolerance and time horizon. Suitability considerations also apply to the frequency of transactions.

In addition to “Knowing Your Customer,” it is imperative to know the essential facts about any investment transaction recommended to or conducted by a customer. Please refer to the specific product sections of this manual for BAI’s solicitation policies on specific products.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Solicited and Unsolicited Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.4.4</td>
</tr>
</tbody>
</table>

All securities orders should be marked as either "solicited" or "unsolicited."

**Solicited** – orders should be marked as solicited when the ISR makes a recommendation to a client to purchase or sell a security.

**Unsolicited** – orders should be marked as unsolicited when the client provides the ISR with instructions to purchase or sell a security and no recommendations are made by the ISR.

Transactions in a Registered Representative’s personal account, including accounts where the Registered Representative is a joint owner or where they have a trading authority, should be marked as unsolicited, unless the Registered Representative has another Registered Representative as the broker of record, who is providing advice or recommendations. If another Registered Representative is indeed providing advice or recommendations, then any resulting transactions should be marked as solicited.

Transactions completed by the Investment Center should be marked as unsolicited.
NASD Conduct Rule 2110 addresses BAI’s responsibility “in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade.” In addition, BAI “may not effect any transaction in or induce the purchase or sale of any security by means of any manipulative, deceptive or other fraudulent device or contrivance.”

There are certain practices which clearly violate a broker dealer’s responsibility for fair dealings with customers, and the NASD has “…taken disciplinary action and imposed penalties” on associated persons of a member firm for employing such selling practices, and on the member firm for failing to adequately supervise its sales personnel.

There are specific acts which are considered unsound business practices and are therefore prohibited. Keeping in mind the limited scope of their current licenses, ISRs may not:

- Solicit or transact business prior to receiving notification from the BAI S6RE that all registration and licensing requirements have been met.
- Solicit or transact business in securities for which the ISR is not properly registered and not licensed.
- Fail to use due diligence to learn the essential facts relative to each customer and account.
- Cause any unreasonable delay in the delivery of securities purchased by a customer or in the payment, upon request, of free credit balances for completed transactions.
- Recommend a security that does not meet BAI solicitation requirements to a customer.
- Become involved in a securities offering with another broker/dealer.

- Extend a loan, arrange for loans, extend credit or arrange for an extension of credit to a customer in their capacity as an ISR.
- Execute transactions in a personal account carried with another member firm, without disclosing their associated status with BAI and obtaining approval from the S6RE.
- Act as a fiduciary (for example, executor or trustee) on any customer's account, except those involving immediate family members and then only with the prior written approval of the S6RE and the BAI Compliance Department.
- Individually charge a separate fee or separately contract for investment advice, or other advisory services or financial plans. BAI, as a firm may charge clients for advisory services offered through one of the approved investment advisory programs.
- When acting in the capacity of a BAI Registered Representative, the associate may not personally request cash or checks from a bank associate on behalf of a client. Registered Representatives must always instruct the client to personally obtain the funds directly from a bank associate.
- Establish fictitious accounts in order to execute transactions which otherwise would be prohibited.
- Misrepresent either the services offered by BAI, the qualifications of the person offering the services or the method of compensation for the services.
- Give or show to customers any material marked "For Internal Use Only" or "Broker/Dealer Use Only."
- Fail to promptly notify the S26S and S6RE and the Registration Department if they are arrested; violate any industry regulation; become involved in any type of litigation, arbitration, regulatory investigation or proceeding, or criminal action; or declare bankruptcy.
- Fail to promptly notify the S26S and S6RE of any written or oral customer complaints they may receive.
- Assist a client in the formation, sponsorship, or solicitation of interest or investment in an investment club. (ISRs may personally invest through such clubs with the prior approval of their S6RE.)
- Express opinions about the possible implications political events will have on the market.
- Give comparisons of BAI products, services, personnel, facilities or charges with those of other firms without giving factual support that has been approved by BAI.
- Change the address of an account for statements and confirmations to any "Hold Mail" address. This includes, but is not limited to, a branch, OSJ, or firm address.

- Create, alter, or personally mail customer statements and confirmations.

- BAI Registered Representatives are not permitted to enter into any late trading agreements with clients or engage in late trading, or enter in agreements with any clients to facilitate late trading, by executing a client’s order after the 4:00 PM closing time, or at net asset value (NAV) for the previous trading day. This includes orders for mutual funds, variable life and variable annuity products.

- BAI Registered Representatives are prohibited from knowingly allowing or failing to notify their Manager of market timing activity in a client’s account.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Misrepresentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.</td>
<td>3.5.1</td>
</tr>
</tbody>
</table>

ISRs may not take part in any deceptive acts or communication to any member of the general public that in any way conveys an untruth or a misleading representation.

Misrepresentations include any conduct which is misleading on a material matter, such as misstatement of fact, omission of a material fact, ambiguous statements, silence, failure to act or concealment where a duty to act otherwise exists.

Common areas of misrepresentation allegations in the sale of securities involve statements concerning:

Potential yields
Risk factors
Predicted price increases
Value
Projected profits
Guarantees
Liquidity

Statements as to the above items may not be made unless fully supported by reasonable investigation.
ISRIs may not warrant or guarantee the present or future value or price of any security, or that any issuer of securities will meet its promises or obligations, or guarantee the customer against loss.
ISR Activities – Limited Activities

ISR NO.: 3.5.13

ISRs may only recommend limited products and services, as restricted by applicable regulations and BAI policy. If you have any questions concerning which activities you may engage in, please contact your S26S. Even in the case of a customer requesting assistance with an activity, acting beyond your current licenses and training may expose you and BAI to sanctions.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Selling Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.6</td>
</tr>
</tbody>
</table>

ISRs have a duty to provide their customers with responsible recommendations and, for ISRs with expanded capabilities, to execute customer orders promptly and accurately. An ISR must at all times have the customer’s best interests in mind and must avoid even the appearance of impropriety.

Acceptable selling practices are defined in federal and state securities laws, SEC interpretations of these statutes, and NASD rules. Several key principles govern such practices and related BAI policies.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.6.1</td>
</tr>
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</table>

One of the most important principles on which the securities laws are based is disclosure. In the sale of securities, this means that the issuer of securities and those who act on its behalf, must make available sufficient information to enable prospective purchasers to reach informed investment decisions.

In keeping with this principle, it is essential that ISRs disclose to prospective purchasers all material information, including the risks of investing in products offered by BAI. In accordance with the Interagency Statement of February 1994 and NASD Conduct Rule 2350, BAI requires that all customers be informed that:

**INVESTMENT PRODUCTS OFFERED BY BANC OF AMERICA INVESTMENT SERVICES, INC.**

- ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC);

- ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, GUARANTEED BY OR ENDORSED BY BANC OF AMERICA INVESTMENT SERVICES, INC., OR SUBSIDIARY BANKS OF BANK OF AMERICA CORPORATION OR ANY OF THEIR AFFILIATES; AND

- ARE SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL INVESTED.

The guidelines for the timing of this disclosure are stated in the “Standards for Communication with the Public” section of this chapter.

For additional disclosures required for specific products or product types see the “Products” chapter of this manual.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Standards for Communications with the Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Reserved
Communications with the public include any advertisement, sales literature, seminars, other types of presentations and correspondence generally made available to customers or to the public. Such communications include, but are not limited to:

- Material published in newspapers, magazines or other periodicals.
- Electronic communications: radio, television, telephone or tape recordings, videotape display, signs or billboards, motion pictures, telephone directories (other than routine listings), or other public media.
- Communications in and with the press (print and broadcast).
- Marketing letters, research reports, circulars, performance reports and summaries.
- Form letters, letters and notes (including handwritten).
- Brochures and guides.
- Seminar texts and presentation outlines.
- Customer “warm” calling programs and telemarketing scripts.
- Reprints or excerpts of any other advertisement, sales literature or published article.

Any advertising, sales literature, seminars, other types of presentations and correspondence must be pre-approved by the BAI Marketing Principal, or their designee, and the appropriate S6RE. Additionally, the portion of any Bank material that references BAI is considered BAI material and must be approved by BAI. (Note: No materials referencing BAI may be translated into a foreign language without pre-approval by the BAI Marketing Principal, or their designee, BAI Compliance, and the appropriate S6RE.)

Reminder: All pre-approved and non-standard correspondence of any kind must be reviewed and approved using the appropriate pre-approval process. (See Section 3.8.1, “Review and Approval of Outgoing Correspondence”, of this manual.)
Communications with the public may not contain promises of specific results. An ISR must remember that there are some basic characteristics of investments which must be included in any communication with the general public (The “public” is defined as any non-BA1 audience, including Bank associates who are not dual employees of BA1), such as:

There is always some degree of risk involved in the purchase of any security, and an investor cannot be assured that an investment will produce a specific return.

Past performance should not be used to imply future results. Projections and predictions must clearly be identified as such.

Communications, whether oral or written, must not:

- Contain any untrue statement or omission of a material fact.
- Be false or misleading.
- Make promises of specific results, or exaggerated or unwarranted claims.
- Use language, which is flamboyant or contains unwarranted superlatives or exaggerations.
- Contain projections or forecasts, which are not clearly identified as such.
- Make comparisons, which are misleading or irrelevant to investing or specific securities.
- State opinions for which there is no reasonable basis in fact.

Material which uses statistics or makes claims or comparisons must be substantiated. This information must be current and represent the past 12 month’s performance, and copies of the supporting documentation must accompany the proposed material. Communication that reflects mutual fund performance must comply with the SEC guidelines surrounding the delivery of performance figures for one, five and ten years when available.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.7.2</td>
</tr>
</tbody>
</table>

All advertisements and other promotional and sales materials, written or otherwise, about non-deposit products must conspicuously include the disclosures described in the Interagency Statement of February, 1994 and NASD Conduct Rule 2350, including:

Investments and insurance products:

- Are not insured by the Federal Deposit Insurance Corporation (FDIC);
- Are not deposits or other obligations of, or guaranteed by, Bank of America, Banc of America Investment Services, Inc., or any of its affiliates or subsidiaries; and
- Are subject to investment risks, including the possible loss of the principal amount invested.

The following is the BAI standard disclosure to be used on all printed material distributed to the public to meet these requirements:

We want you to know:

Investment Products Provided by Banc of America Investment Services, Inc.:

- Are Not FDIC Insured
- May Lose Value
- Are Not Bank Guaranteed

Banc of America Investment Services, Inc. is a registered broker-dealer, member NASD and SIPC and a nonbank subsidiary of Bank of America, N.A.

These disclosures must be also be provided to the customer orally:

- during any sales presentation;
- when investment advice concerning nondeposit investment products is provided; and
- and in writing prior to or at the time an investment account is opened to purchase these products;
In an effort to maintain the confidentiality of our customers’ personal information, standard confidentiality language must be on all BAI fax cover sheets. The confidentiality language:

- Should be in bold font
- Should be in a font size the same size or larger than the predominant text on the page
- May be placed at either the top or bottom of the page
- Is in addition to the standard RSNIP disclosure required on all communications with the public

Middle office fax cover sheets located in Forms section of the ISR Home Page will be updated to include appropriate confidentiality language. Associates should continue to use those cover sheets for established procedures.

Standard BAI confidentiality language:

This communication is CONFIDENTIAL and is intended only for the addressee(s) named above/below. If you are not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient(s), please note that any dissemination, distribution or copying of this communication is strictly prohibited. Anyone who receives this communication in error should notify the sender immediately by telephone and return the original message to us at the address above via the U.S. Mail.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Review and Approval of Outgoing Correspondence</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.8.2</td>
</tr>
</tbody>
</table>

S6REs must approve (for accuracy and compliance to basic policy) all correspondence pertaining to BAI business. (S26Ss must approve use of BAI pre-approved correspondence.)

Either weekly or monthly, S26Ss will receive from the Premier Relationship Center that fulfills pre-approved letter requests for Premier Bank ISRs an activity report, transmittal log or actual copies of the transmittal forms for each request fulfilled for that period. The S26S will review, initial and date the document(s) and forward with the S26S Monthly Supervisory Log to the S6RE for retention in the OSJ. ISRs must keep copies of transmittal forms, along with any reports received from the PRC, in a separate file for supervisory review.

For BAI purposes, correspondence is defined as correspondence any written or electronic communication distributed by a member to:

A. one or more of its existing retail customers; and

B. one prospective client.

ISRs must submit all original correspondence, including faxes, notes, or letters accompanying sales literature, for the S6RE’s prior review and approval (evidenced by the Manager’s initials and date). For BAI purposes, if the intent of the correspondence is to solicit interest in or recommend a specific product, type of product, an investment strategy, or type of account (i.e., “fee-based account”) and the correspondence is going to 25 or more existing BAI clients, the S6REs is responsible for ensuring that the correspondence also receive prior written review from the BAI Compliance Marketing Review Officer. A Marketing Tracking Sheet should be used for correspondence going to 25 or more existing BAI clients.

In addition, for BAI purposes, written communications sent to more than one prospective customer are considered sales literature and must comply with the requirements outlined in the “Advertising and Sales Literature” section of this manual. If a letter is sent to more than one prospective customer and contains information about a particular security, it may need to be filed with the NASD (see section 3.9.2). The BAI Compliance Marketing Review Officer will coordinate
any required NASD filings. ISRs using PRCs should adhere to current procedures with regard to requesting outgoing correspondence fulfillment.

The correspondence files will be maintained in accordance with BAI retention policy. S6REs are required to maintain a central correspondence file separated by ISR containing copies of all original correspondence (or PRC reports) sent with evidence of principal approval on each piece.
ISRs are restricted to distributing only advertisements and sales literature, which have been pre-approved for Series 6 use. ISRs may distribute self-created materials to their clients only if they have received the necessary prior approvals.

There may be times when an ISR may want to distribute certain newspaper/magazine articles or outside internet articles. Almost all these publications are protected by copyright laws. Written permission may be required from the publisher and must also be obtained from the Manager and Compliance Marketing Review Officer prior to distribution to a client or prospect. In some instances, the BAI Marketing Department may also need to review and approve such materials.

Any BAI materials marked “for internal use only” or bearing a similar legend may not be distributed or shown to the public, including any non-licensed Bank of America associate.

ISRs who want to send out any written advertising or sales literature, must screen their list against the Customer Choice Database to make sure that no name on it is also on one of several “Do Not Solicit” lists that Bank of America Corporation maintains. Large lists may be submitted to BAI Marketing for screening. (Contact your Manager for procedures.)
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Client Accounts - Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>4.0</td>
</tr>
</tbody>
</table>

The reputation and continued success of BAI depends upon its ability to fulfill the needs and objectives of its clients. The ability to properly serve a client requires an understanding of each client's investment objectives, financial means, sophistication and risk tolerance.

To document that all prospective accounts are accurately and promptly assessed in terms of client suitability, BAI has developed the following policies and procedures which provide BAI with a record of client information.

Portions of the material in this section have been provided for informational purposes only and should not be construed as an indication that ISRs should attempt to act in a manner beyond their current licenses and training. For example, margin and option accounts information is provided to assist ISRs in understanding securities industry concepts, however their current licenses and current policies and procedures prevent them from discussing margin and option accounts with customers.
Banc of America
Investment Services Inc.
Series 6 ISR Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Opening New Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Regulatory requirements and good business practices require that each Registered Representative obtain specific client information prior to transacting business with a client. This information includes the client’s:

- name and residential street address (P.O. Boxes are not acceptable as a client’s sole address, but may be used as a mailing address). For entities, the principal place of business address is required. For individuals in the US Military, it is permissible to use the Army Post Office (APO) address.
- social security number or tax ID
- citizenship and legal residence
- birth date
- occupation
- employer
- employer’s address
- home and business phone numbers
- control person status
- broker/dealer affiliation
- financial status (annual income, liquid assets, and net worth)
- tax status
- investment objectives, time horizon, risk tolerance and experience
- any other information used or considered reasonable for evaluating the client’s application for the proposed trading activities.

A new account application must be completed prior to entering an order for a new client. The ISR must complete, sign and date the application as required by the procedures for the limited products offered and forward it immediately for completion and principal approval. The principal must approve the account the same day. Each time a new account is opened, current information should be
obtained from the client; an ISR should not rely upon data on file from a previous account for the same client. As stated in the “Suitability: Know Your Customer” section of this manual, ISRs should not open brokerage accounts for clients who refuse to provide suitability information.

When opening new accounts, each account owner must be given the opportunity to receive the New Account Profiles/Revised Account Profiles and all written agreements associated with the account. The Registered Representative must discuss this with each account owner when opening an account. If each account owner wishes to receive NAPS/RAPS and all written agreements, the Registered Representative must check the box on the application evidencing this fact.

Clients are not permitted to alter the required documentation. If the client will not sign the standard documents, the client will not be able to open the account or will be asked to close or transfer the account.

If an account application is missing information, signatures and/or supporting documents, ISRs must obtain the information and/or supporting documents or a restriction will be placed on the account. Failure of customers to provide completed documentation within a reasonable timeframe may result in account closure.

Also, please note that accounts may be restricted at any time for legal, compliance or operational issues.

Finally, it is important that Registered Representatives provide clients a copy of their account application and all written agreements at the time of opening the account. Note that the term “written agreements” includes any document(s) the client signs.
Products offered by BAI ARE NOT covered by the Federal Deposit Insurance Corporation ("FDIC"). Under no circumstances are non-insured products to be represented as FDIC-insured. Securities and funds carried in a NFS brokerage account for clients introduced through BAI are covered by the Securities Investor Protection Corporation ("SIPC") and any excess private coverage provided by NFS. (Master Relationship Accounts are not carried by NFS but are still covered by SIPC.) This does not include mutual funds held at the mutual fund company. SIPC (and private excess coverage) does not insure a client against market losses, but rather against the financial failure of the broker/dealer holding the assets.

Should a client make a claim against SIPC for losses, the maximum coverage amount for cash and securities under SIPC is $500,000, of which no more than $100,000 may be claimed in cash. For example, if a broker/dealer failed and a client submitted a claim against SIPC for an amount of $520,000 in securities and $150,000 in cash, the client is covered for a maximum of $400,000 in securities and $100,000 in cash.

All protection limits are per client, not per brokerage account. Brokerage accounts in the same client name are aggregated for purposes of determining protection.

ISRs should not discuss SIPC with clients. If a client has questions about SIPC, the ISR should contact the appropriate S6RE and request that a SIPC brochure be sent to the client.
EXHIBIT 20
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Overview - Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Banc of America Investment Services, Inc. ("BAI") and its associates are committed to conducting business in an ethical manner to comply with applicable rules and regulations. This manual addresses the legal, regulatory and internal policies and procedures for BAI Series 7 Registered Representatives, including but not limited to, Registered Representatives, Registered Sales Assistants, Registered Call Center Personnel and Registered Representatives, and Registered Representatives who are dual employees of the Private Bank of Bank of America (the "Private Bank") and BAI.

All Registered Representatives are required to carefully review this manual and to sign an acknowledgment form signifying that they have received and will comply with the manual. Questions regarding the manual should be directed to their Manager and then to the BAI Compliance Department. Registered Representatives are required to report to their Manager and the Compliance Department any violation of legal, regulatory or internal policies of which they become aware. Any violation of rules, regulations or internal BAI policy may result in disciplinary action up to and including termination.

Revisions to this manual will be distributed in the normal course of business. Registered Representatives are responsible for inserting revised pages and discarding superseded pages so that their manual is up to date. Registered Representatives are responsible for maintaining a current copy in their workplace. Unless specifically noted otherwise, the policies and procedures discussed in this manual apply to all available methods of establishing accounts and placing trades, including online trading, “check and app”, etc.

We hope that you find this manual to be a helpful tool to promote compliance with the applicable requirements of the industry and BAI policies.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>10.1</td>
</tr>
</tbody>
</table>

The following are definitions of terms which may be found throughout this manual:

- **Supervisory Principal** - An individual designated to supervise a particular area who holds the appropriate NASD supervisory registrations for that area (see section 2.5.1, "Principal Registration").

- **Regional Compliance Officer** - Individuals assigned by the Compliance Department as having compliance responsibilities for full service or discount brokerage activities in designated regions.

- **BAI Senior Management** - Includes BAI personnel designated as Chief Executive Officer, President, National Sales Director (full service or discount brokerage), Director of Compliance, Chief Operating Officer, or any other officer as designated by the BAI Board of Directors or President.

- **National Sales Director** - Individual with responsibility for either BAI full service brokerage or discount brokerage sales activity.

- **Regional Director** – Supervisory Principal who reports to the National Sales Director with responsibility for full service branch sales activity and supervision in a particular region (discount brokerage equivalent = Acquisition Manager and Retention/Expansion Manager).

- **Branch Manager** – Supervisory Principal who reports to the Regional Director with responsibility for full service branch sales activity and supervision in a particular branch (discount brokerage equivalent = Group Manager).

- **Assistant Branch Manager** – Supervisory Principal who reports to the Manager with delegated responsibility for full service sales activity and supervision in a particular branch (discount brokerage equivalent = Team Leader).

- **Branch/Operations Manager** – Individual with responsibility for operations in a particular branch.

- **Registered Representative** – An associate who is registered with BAI, regardless of the specific licenses held. This includes Registered
Representatives who act in a full service capacity, providing investment advice and guidance to clients who want assistance in making investment decisions. It also includes BAI Registered Representatives who are dual employees of the Private Bank/BAI, regardless of their role or whether they sell securities products or not (i.e., “Designated” and “Non-Designated” registered associates), and Investment Center registered associates.

- **Registered Sales Assistant** – A Series 7 Registered Representative or Series 11 Registered Representative who assists an Registered Representative with opening, servicing and accepting unsolicited orders for customer accounts. Registered Sales Assistants may not provide investment advice to customers.

- **Immediate family member** - a Registered Representative’s parents, mother-in-law or father-in-law, spouse, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and the Registered Representative’s children, and any other individual to whom the Registered Representative provides material support.

- **Associated Person** - A BAI associated person includes but is not limited to:
  
  - Registered Representatives who holds his or her license with BAI;
  - non-registered Bank or BAI (field or home office) associates that provide a securities-related service for BAI;
  - non-registered Bank or BAI (field or home office) associates that have contact or potential contact with a BAI customer’s securities or monies;
  - non-registered Bank or BAI (field or home office) associates that make changes to the firm’s books and records.

This definition is not dependent on a person’s status as a BAI employee. A non-registered Bank associate that is not a BAI employee is also considered a BAI associated person if his or her role meets the criteria described above or as described by SEC rule 17-f (2).

SEC Rule 17-f (2) defines an associated person as a “Person associated with a member” or “associated person of a member” when used with respect to a member of a national securities exchange or registered securities association means any partner, officer, director, or branch manager of such member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such member, or any employee of such member, except that the employee’s functions are solely clerical or ministerial.

All associates who meet this definition or the BAI specific criteria must complete the BAI pre-hire process. For non-sales BAI associated persons,
Managers need to follow the instructions found on the Registration tab of the BAI Intranet. BAI associated persons are required to be fingerprinted and must complete the annual BAI Online Annual Questionnaire. They are subject to all other BAI policies included but not limited to the following:

- Outside Business Activities
- Personal securities accounts
- Gifts and entertainment
- Political Contributions
- Code of Ethics
- Conflicts

- Office of Supervisory Jurisdiction - BAI has designated certain offices as Offices of Supervisory Jurisdiction ("OSJ") as defined by the NASD. Each OSJ supervises Registered Representatives and branch offices of BAI. Certain Managers are designated as principals of the OSJ and BAI.

- Manager - A designated principal with supervisory responsibility and authority related to Series 7 Registered Representatives. The general term includes Branch/District Managers (discount brokerage equivalent = Group Manager) for sales units and their equivalent in non-sales units in discount and full service brokerage (see section 2.5.1, “Principal Registration”).

- Registered Representative – General term used throughout the manual to define series 7 and series 63 registered persons.

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1 NASD Conduct Rules, Rule #3010 NASD Manual [CCH]
• BAI Marketing Principal: The designated BAI registered principal responsible for overseeing the pre-approval of all firm generated advertising and sales literature, as well as maintenance of BAI's official advertising and sales literature books and records. In accordance with NASD Rule 2210, the BAI Marketing Principal must provide final approval before material that mentions BAI or the products and services offered through BAI may be used with the public. The BAI Marketing Principal may delegate this function to another properly registered and experienced BAI registered principal, provided that the BAI Marketing Principal documents this delegation in writing, and oversees the activities of the person to whom the function has been delegated.

• BAI Training Principal: The BAI registered principal responsible for overseeing the pre-approval of all training material for BAI Registered Representatives, and maintenance of BAI's official training books and records, including copies of materials and attendance records. The BAI Training Principal may delegate this function to another properly registered and experienced BAI registered principal, provided that the BAI Training Principal documents this delegation in writing and oversees the activities of the person to whom the function has been delegated.

• Designated Principals in Accordance with 3012 - In accordance with NASD Rule 3012, between the time the rule went into effect and November, 2006, the CAO/Governance and Process Executive was responsible for establishing, maintaining, and enforcing a system of supervisory control policies and procedures that will test and verify that BAI's supervisory procedures are reasonably designed to comply with applicable securities laws and NASD rules and amend those supervisory procedures where necessary. In November, 2006, the newly created role of BAI Operations Executive assumed this responsibility.

• BAI Senior Municipal Principal ("SMP") - The BAI registered principal responsible for overseeing compliance with certain MSRB rules. In particular, the BAI Senior Municipal Principal is responsible for supervision and oversight of interdealer transactions for compliance with Rule G-18 and review of the mark-up grid to ensure compliance with Rule G-30. The SMP is also responsible for municipal new issue due diligence and approval and for providing subject matter expertise to the BAI Marketing Principal in the review of municipal advertising. The SMP is also responsible for BAI's political contribution oversight program for compliance with Rule G-37. The SMP may delegate these functions to another properly registered and experienced BAI registered principal, provided that the SMP documents this delegation in writing and oversees the activities of the person to whom the function has been delegated. These responsibilities do not include municipal
fund securities.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>The Corporate Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Banc of America Investment Services, Inc. is an indirect subsidiary of Bank of America Corporation.

BAI provides investment services and products through Registered Representatives in full service (including registered associates who are dual employees of the Private Bank and BAI) and discount brokerage. Through full service, customers receive guidance and advice regarding their investments from Registered Representatives. Pursuant to SEC Rule 202(a)(11)-1, in order to not be deemed an Investment Adviser as defined in the Investment Adviser Act of 1940, advice provided to brokerage clients should be solely incidental to the brokerage services provided to those accounts. As such, references to "advice" in the compliance and supervisory manuals, other than when used in the context with one of BAI’s investment advisory programs, refers to advice that is solely incidental to the brokerage services provided to the account. For example, when providing advice about mutual funds and other securities purchased through a BAI brokerage account, the Registered Representative is providing advice on behalf of the broker/dealer. When providing advice regarding a wrap account or separately managed account (Selects, etc.) the Registered Representative is wearing his/her “IAR hat” and acting on behalf of BAI as a Registered Investment Advisory firm. Through discount brokerage, BAI Registered Representatives provide customers with self-help informational tools and resources customers need to make their own investment decisions.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Sharing Customer Information Among Affiliates</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>2.1.1</td>
</tr>
</tbody>
</table>

BAI policy on sharing of customer information among affiliates is governed by the Bank of America Corporation Retail Sales of Non-Deposit Products (RSNIP) policy, the Bank of America Corporation Affiliate Sharing Guidelines, the Financial Modernization Act (also known as the Gramm Leach Bliley Act, or GLBA), and the Fair Credit Reporting Act (FCRA). According to FCRA, customer information is categorized as experience related and non-experience related.

Bank of America limits the type of information that is shared and who receives the information. Information is shared only for legitimate business purposes and in accordance with applicable laws and regulations.

**Experience-related customer information:** Information about customer accounts and their relationship(s) with BAI. Includes identification and location information such as name, address, and phone number. Other examples include securities owned, transactions, market value, etc.

**Sharing experience-related customer information:** Experience information may be shared with Bank of America and its affiliates without restriction.

**Non-experience-related customer information:** Information about a customer that was obtained from outside sources, including customer applications (except name, address and phone number), consumer reports or other outside sources (regardless of whether it is in written or electronic form) which was gathered or used for the purpose of determining eligibility for a product or continuation of a product. Examples include tax bracket, income level, assets at other financial institutions, etc.

**Sharing non-experience related customer information:** For the first 60 days after a customer has established his initial relationship with Bank of America Corporation (i.e., the bank or any of its affiliates), non-experience customer information may not be shared among affiliates. This time period has been established by FCRA to give the customer the opportunity to opt out of having this data shared.

However, if the Registered Representative obtains specific written consent from the customer...
on the **BAI Consent for Sharing Information with Bank of America and its Affiliates form**, then the Registered Representative may share non-experience information with an affiliate. The Registered Representative must send this form to the Middle Office for imaging. The customer may complete this form during and after the 60-day timeframe.

Specific to the PB&I Standardized Sales Process, the Client Connections Integrated Desktop integrates the Premier Client Manager and the BAI Financial Advisor desktops to share certain information about clients via the Client Connections system. As a result, the customer’s consent preference to share information within the PB&I relationship model must be documented in the Client Connections system. BAI Registered Representatives should use the procedures for capturing client opt-out preferences outlined on the BAI webpage [http://bai.bankofamerica.com/Compliance/Comp_CP_OptOut_Honoring_Prefs.asp](http://bai.bankofamerica.com/Compliance/Comp_CP_OptOut_Honoring_Prefs.asp). This process should be used in instances in which the client either gives consent or withdraws consent for sharing information with Bank of America and its affiliates.

After the initial 60 day period, Registered Representatives may share non-experience customer information provided they first check the Bank of America Corporation Customer Choice Database to verify that the customer has not opted out of affiliate sharing. If the customer has opted-out, the non-experience information may not be shared, unless specific written consent has been obtained from the customer on the **BAI Consent for Sharing Information with Bank of America and its Affiliates form**. The Registered Representative must send this form to the Middle Office for imaging. Registered Representatives can check IRIS (go to the Investor Detail screen, click on Profile, scroll down one-third of the way) to find out if BAI customers have opted out of affiliate sharing.

It is important that any information obtained from a Bank of America affiliate not be used in such a manner as to represent or imply that the Registered Representative is an employee of any entity other than Banc of America Investment Services, Inc.

As a reminder, if a Registered Representative has information that the proceeds for a security purchase were from a maturing CD, the Registered Representative should emphasize to customers that the security products, while providing potentially attractive investment returns, are not the same as CDs and have varying risks associated with them.1

**BAI Private Bank Information Sharing Policy**

The following procedures should be followed to assure the ability to share a Private Bank customer’s non-experience information that has been obtained through a BAI relationship with the Private Bank. Fiduciary information may only be used for BAI purposes or shared with other BAI associates if the customer consents and/or BAI is providing a service to the Private Bank.

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1 NASD Notice To Members 93-87 (a copy appears in Appendix C of this manual)
While acting in the capacity of a BAI Registered Representative, the Registered Representative must obtain specific consent from the customer to be able to use BAI-obtained non-experience information in the Registered Representative's role as a private banker with Bank of America. Further, this consent must be documented and retained in BAI files.

- Upon establishing a BAI relationship (i.e., account opening) through the Registered Representative, the customer should sign the *Private Bank Consent for Sharing of Information with Client Team Member* form. This form specifies that if the customer has opted out of affiliate sharing within the corporation, or does so in the future, such opt out excludes sharing BAI-obtained non-experience information with the Private Bank.

- If the customer refuses to sign the *Private Bank Consent for Sharing of Information with Client Team Member* form, the Registered Representative should not open the BAI account. Instead, the customer should be re-directed to a BAI Full Service Registered Representative to open the BAI account and handle the customer's BAI relationship. The result is that two different individuals handle the Private Bank and BAI relationships for this customer.

**Opting Out**

If a customer wishes to opt out of information sharing among Bank of America Corporation affiliates, any one of the following ways may be used to capture this request:

The customer or Registered Representative may:

- Write to: Bank of America Customer Information Operation  
  P.O. Box 27025  
  Richmond, VA 23261-7025

- Call 1-888-341-5000

- Email through “Contact Us” at www.bankofamerica.com

Note: The request should include the customer’s full name, legal street address, social security number, and telephone number.

Also, the Registered Representative may:

- Complete the Bank of America Customer Preference Request Form (item # 95-14-4397NSBW), and send to Customer Information Operations at VA2-430-02-02, or fax to 804-627-7042. This form can be found on “Forms Online” which is accessed from the main page of BAI Web.

- While Registered Representatives can see their customer’s Affiliate Sharing preference
via IRIS, they cannot currently *record* a customer’s preference to opt out of affiliate sharing via IRIS (as they can for direct marketing solicitations). However, it may become available in the future.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Restrictions on Activities of Non-Registered and/or Unlicensed Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.1.4</td>
</tr>
</tbody>
</table>

Banking Center personnel and BAI associates who are not securities registered or insurance licensed are prohibited from engaging in the following activities:

1) engaging in securities or insurance activities or handling any questions that might require familiarity with insurance or securities product features;

2) describing, discussing or recommending any general or specific securities or insurance product or its merits;

3) giving investment advice;

4) pre-qualifying customers as to financial status and investment history and objectives;

5) soliciting new accounts or accepting orders;

6) receiving or accepting premium payments for insurance contracts;

7) performing more than clerical or ministerial duties;

8) making the ability of customers to obtain any insurance products from an insurance company conditional upon the customer's use of bank services or any services of Banc of America Insurance Services, Inc. or Banc of America Investment Services, Inc.;

9) representing that any insurance or securities product is a product of Banc of America Insurance Services, Inc. or Banc of America Investment Services, Inc., or that it is a bank product or FDIC insured;

10) receiving any compensation based on insurance or securities transactions or the provisions of insurance or securities advice;

11) acting in non-compliance with bank, state and federal securities, and state and

CONFIDENTIAL TREATMENT REQUESTED
federal insurance rules and regulations;

12) distributing any materials to the public marked “Internal Use Only” or marked in a similar fashion;

13) providing or accepting applications, enrollment forms or similar documentation for insurance products;

14) assisting a Registered Representative in translating or serving as a translator if the customer does not speak English.

15) accepting any gifts from Registered Representatives that are not “nominal” in value. (See Section 2.13.5 for more information.)

Permitted Activities of Banking Center Personnel

Non-registered and non-licensed bank personnel have very specific guidelines and procedures provided by Bank of America prohibiting them from engaging in any activities associated with non-deposit investment or insurance products, and should be encouraged to refer to those procedures if they have questions. Branch personnel may only:

• refer customers who are interested in obtaining additional information or making an investment to a BAI Registered Representative or a Banc of America Insurance Services, Inc. Insurance Agent;

• inform customers about the availability of investments and insurance offered through Banc of American Investment Services, Inc. and/or Banc of America Insurance Services, Inc.;

• explain the general characteristics of an asset management account (i.e. Money Manager Account, Master Relationship Account), but must refer to a Registered Representative for a detailed explanation and/or account opening.

Permitted Activities of Non-Registered BAI Associates

Non-registered and non-licensed BAI associates may only:

• provide product brochures or pamphlets upon customer request;

• complete cashiering functions including receiving in and ordering out securities;

• review statements with a customer (without getting into a discussion about specific product features or benefits);

• process new securities or insurance account applications;
• provide instructions on how to use IntelliBroker,

• accept instructions to stop dividend reinvestment or automatic investment plans, but may not initiate them.¹

• provide quotes on securities upon customer request.

• provide approved BAI Self-Directed "general capabilities" brochures to customers who either specifically request one or if they generally ask about a Self-Directed brokerage product or service. An approved "general capabilities" brochure may also be provided if, during a conversation with the client, Self-Directed brokerage needs are discovered. Non-registered personnel may not proactively solicit, promote or offer brokerage products or services to customers.

Banc of America Investment Services, Inc. may conduct periodic reviews to ensure that associates comply with the restrictions on activities.

¹ Instructions to activate dividend reinvestments or automatic investment plans are normally initiated by the customer placing an order for the security; therefore, there is a need to differentiate between initial and subsequent instructions.
BAI is required by securities laws and industry rules to exercise, in part, supervision over each customer account and securities transaction. Direct supervision is exercised, in part, by the Manager through reviews of all new customer accounts, transactions, incoming and outgoing correspondence, customer portfolios, surveillance reports and other account activity such as prepayments, extensions and liquidations.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

SECTION: General Standards
AOG NO.: 3.3.1

It is the policy of BAI that all customers be dealt with fairly and honestly. Registered Representatives must act in the best interest of their customers. BAI's standards of professional conduct at all times require Registered Representatives to:

- Have a thorough knowledge of their customers, their investment-related needs and their previous investment experience;
- Have a thorough knowledge of all investment products and potential risk of those products offered through BAI;
- Give customers full and prompt disclosure of all known or reasonably ascertainable facts regarding investment products. Registered Representatives must also provide the disclosures mandated by banking and securities regulations as outlined in the "Standards for Communications with the Public" section of this Chapter.

INVESTMENT PRODUCTS OFFERED BY BANC OF AMERICA INVESTMENT SERVICES, INC.

- ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC);
- ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF, GUARANTEED BY BANK OF AMERICA, BANC OF AMERICA INVESTMENT SERVICES, INC., OR ANY OF THEIR AFFILIATES OR SUBSIDIARIES; AND
- ARE SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL INVESTED

Additional guidelines related to professional conduct may be found in the BAI Code of Ethics and are incorporated herein by reference.
<table>
<thead>
<tr>
<th>SECTION:</th>
<th>suitability: “Know Your Customer”</th>
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<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.4</td>
</tr>
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Reserved
The obligation to put our customers' interests first is basic to our business and is required by applicable laws and regulations. The reputation and success of BAI and its Registered Representatives depend upon their ability to fulfill the needs and objectives of BAI's customers, and can be accomplished only by having a thorough understanding of the customer's background, financial situation, investment objectives and risk tolerance.

If a customer refuses to provide this information, Registered Representatives must indicate the refusal in writing on the application. During the principal approval process for the new account, the Manager will decide whether the account should be opened based upon the information obtained. Brokerage accounts should not be opened for customers who refuse to provide suitability information.

Registered Representatives may not recommend to a customer the purchase, sale or exchange of any security without reasonable grounds to believe the recommendation is suitable for the customer. The suitability of the recommendation should be based on information furnished by the customer, after a reasonable inquiry concerning the customer's investment objectives, financial situation, prior investment experience, and any other information relative to suitability is made. For information on recommendations of specific products, please see the Chapter 5 of this manual.

Accordingly, all Registered Representatives must take into account the suitability and general standards described below.
Suitability Rules

NASD Conduct Rule 2310 requires that prior to the execution of a transaction, Registered Representatives obtain sufficient information from customers to make a judgment about the suitability of the investment for a particular customer. At a minimum, this includes information concerning the customer’s financial situation, tax status, investment objectives, source of income, risk tolerance and any other factors which may be relevant.

The NASD’s suitability standards have been adopted by the banking regulators as the appropriate “minimum” standard for sales activities conducted by bank-affiliated broker dealers.
"Suitability" is not just limited to the facts and goals as of the time an account is opened. Customers' investment objectives and financial situations change from time to time, and current information must be obtained by the Registered Representative regarding suitability prior to the time of the transaction. It is the Registered Representative's responsibility to update customers' suitability information when they determine there is a significant change in the customer's financial situation, tax status, investment objectives or other information. To help facilitate capturing updated suitability information, Registered Representatives may utilize the BAI Suitability Update Form. Registered Representatives must ensure that all updated suitability information is entered into FBSI. Changes involving investment objectives will be confirmed with the client(s) through the mailing of the Revised Account Profile (RAP) after the changes are made. Note that for suitability updates for customer option accounts, the BAI Suitability Update Form is mandatory. See Section 5.6.5 Options-Exchange Traded for further details.

The concept of suitability goes beyond the propriety of a particular security in a portfolio. Attention must also be paid to such factors as concentration, diversification, risk tolerance and time horizon. Suitability considerations also apply to the frequency of transactions.

In addition to "Knowing Your Customer," it is imperative to know the essential facts about any investment transaction recommended to or conducted by a customer. Please refer to the specific product sections of this manual for BAI's solicitation policies on specific products.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Solicited and Unsolicited Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.4.4</td>
</tr>
</tbody>
</table>

All securities orders should be marked as either “solicited” or “unsolicited.”

**Solicited** – orders should be marked as solicited when the Registered Representative makes a recommendation to a client to purchase or sell a security.

**Unsolicited** – orders should be marked as unsolicited when the client provides the Registered Representative with instructions to purchase or sell a security and no recommendations are made by the Registered Representative.

Transactions in a Registered Representative’s personal account, including accounts where the Registered Representative is a joint owner or where they have a trading authority, should be marked as unsolicited, unless the Registered Representative has another Registered Representative as the broker of record, who is providing advice or recommendations. If another Registered Representative is indeed providing advice or recommendations, then any resulting transactions should be marked as solicited.

With the exception of Banc of America Retirement Portfolio Funds (“Banc of America Funds”) transactions, transactions completed by the Investment Center should be marked as unsolicited. Please refer to Banc of America Funds section of this manual for further information.

The following guidelines are hypothetical examples designed to assist in ensuring that orders are properly marked. These examples are not intended to be an all-inclusive list of situations encountered by a Registered Representative.

**Examples**

- Client meets with a Registered Representative and wants to purchase $50,000 in mutual funds with an investment objective of capital appreciation. After profiling the client, the Registered Representative recommends three mutual funds for the client to consider and delivers the prospectuses to the client. The client goes home, looks at the prospectus information and calls the Registered Representative back several days later to place an order to invest in one of the mutual funds recommended by the Registered Representative.
This order should be marked *solicited* by the Registered Representative. The Registered Representative recommended this fund as well as two other funds as being suitable for the client to purchase.

- Client owns $75,000 in the ABC Aggressive Growth Fund and is now uncomfortable with the level of market risk presented by this fund. The client wants to sell the fund and sets up an appointment to meet with a Registered Representative. The client explains that they want to sell their current mutual fund and use the proceeds to purchase a more conservative growth and income fund. The Registered Representative profiles the client, shows the client some growth and income funds that meet the client’s stated needs and provides copies of the prospectuses. Unfortunately, there were no mutual funds within the ABC mutual fund family that met the client’s new investment objectives and the Registered Representative was unable to help the client utilize the free exchange privileges associated with the ABC mutual fund family. The Registered Representative will, therefore, also have to complete a *BAI Investment Switch Letter/Annuity Replacement Form* in accordance with firm policy.

The client selects the XYZ Growth and Income Fund, which was one of the funds recommended by the Registered Representative to purchase. The Registered Representative explains the various share classes of the funds as well as the associated front end sales charges and/or contingent deferred sales charges associated with the mutual fund switch and completes a *BAI Investment Switch Letter/Annuity Replacement Form* with the client.

The Registered Representative should mark the order tickets and the *BAI Investment Switch Letter/Annuity Replacement Form* in the following manner: (1) the sale of the ABC Aggressive Growth Fund was *unsolicited* because the client initiated the order and it was not recommended by the Registered Representative; and (2) the purchase order for the XYZ Growth and Income Fund should be marked *solicited* because the fund was, in fact, one of the funds recommended by the Registered Representative.

- Client calls a Registered Representative and requests research information on IBM, Dell Computers and Gateway 2000. The Registered Representative makes no recommendations about any of these companies but does send the client a pre-approved cover letter along with copies of the BAS research reports for the three companies requested by the client. The cover letter sent by the Registered Representative makes no recommendations regarding these companies. The client calls the Registered Representative to place an order to purchase 1,000 shares of Gateway 2000 after receiving the research information.

The purchase order should be marked *unsolicited*. Merely providing approved
research information to a client at their request without a recommendation by a Registered Representative does not constitute a solicitation.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Selling Practices - Prohibited Business Practices</th>
</tr>
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<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.5</td>
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**Explanation/Summary of Regulatory Requirements**

NASD Rule 2120 broker-dealer members cannot induce a purchase or sale in a security by manipulative or fraudulent means.

The purpose and intent of MSRB G-37(b) is to ensure that the high standards and integrity of the municipal securities industry are maintained, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to perfect a free and open market and to protect investors and the public interest.

NASD Rule 2110 provides that members, in the course of business, shall observe high standards of commercial honor and refrain from conduct that violates other laws or regulations that could result in financial harm to investors.

**Policy Summary**

This policy outline prohibited business practices for Registered Representatives within BAI. This is not an all-inclusive list.

**Policy**

There are specific acts, which are considered unsound business practices and are therefore prohibited. The following represent some of these acts. This is not an all-inclusive list.

**Registered Representatives may not:**

**Corporate Policies:**

- Become involved in a securities offering with another broker/dealer.
- Execute transactions in a personal account carried with another member firm, without disclosing their associated status with BAI and obtaining approval from the Manager or PRD for Registered Representatives within
the Series 6 Channel.

- Establish fictitious accounts in order to execute transactions which otherwise would be prohibited.
- Fail to notify the Manager and the Registration Department promptly (or Series 26 Supervisor and/or PRD for Registered Representatives within the Series 6 Channel), they are arrested; violate any industry regulation; become involved in any type of litigation, arbitration, regulatory investigation or proceeding, criminal action, declare bankruptcy, or any other Form U4 disclosable event(s).
- Knowingly allow or fail to notify their Manager of market timing activity in a client’s account.
- Fail to notify the Manager (or Series 6 Supervisor and/or PRD for Registered Representatives within the Series 6 Channel) of any written or oral client complaints they may receive promptly.
- Execute a buy or sell transaction in a personal account “in front of” (i.e., front run) the client’s order for the same security within the same day.

**Dealing with Client Accounts**

- Fail to use due diligence to learn the essential facts relative to each client and account.
- Act as a fiduciary or in a fiduciary capacity (for example, executor or trustee) on any client’s account, except those involving immediate family members and then only with the prior written approval of the Regional Level Manager (or PRD for Registered Representatives within the Series 6 Channel) after consulting with his or her Divisional Compliance Manager.
- Individually charge a separate fee or separately contract for investment advice, or other advisory services or financial plans. BA1, as a firm may charge clients for advisory services offered through one of the approved investment advisory programs.
- Change the address of an account for statements and confirmations to any “Hold Mail” address. This includes, but is not limited to, a branch, OSJ, or firm address.
- Create, or alter a client statement; or arrange to mail official/original NFS client statements and confirmations personally.
- Assist a client in the formation, sponsorship, or solicitation of interest or investment in an investment club.
- Forge clients’ signatures or have them sign blank forms.

**Interactions with Clients**

- Extend a loan, arrange for loans, extend credit or arrange for an extension of credit to a client (except through normal margin procedures, which are applicable only to Series 7 Registered Representatives).
- Borrow any monies or securities from a client.
- Lend any securities or monies to a client.
- Request cash or checks from a bank associate on behalf of a client. Registered Representatives must always instruct the client to personally obtain the funds directly from a bank associate.
- Give or show to clients any material marked “For Internal Use Only” or “Broker/Dealer Use Only.”
- Enter into any late trading agreements with clients or engage in late trading, or enter into agreements with any clients to facilitate late trading, by executing a client’s order after the 4:00 PM closing time, or at net asset value (NAV) for the previous trading day. This includes orders for mutual funds, variable life and variable annuity products.
- Provide tax or legal advice.

**Solicitations and/or Recommendations:**

- Solicit or transact business prior to receiving notification from the Manager that all registration and licensing requirements have been met.
- Misrepresent either the services offered by BAI, the qualifications of the person offering the services, or the method of compensation for the services.
- Solicit or transact business in securities for which the Registered Representative is not properly registered and not licensed.
- Recommend a security that does not meet BAI solicitation requirements to a client.
- Make any recommendations regarding the purchase or sale of Bank of America equity securities and their derivatives.
- Solicit an order for an intrastate offering when there is any reason to believe that the address of the client is not in the state in which the offering is made.
- Endorse or recommend day trading or day trading strategies.
- Express opinions about the possible implications political events will have on the market.
- Give comparisons of BAI products, services, personnel, facilities or charges with those of other firms without giving factual support.
- Solicit a security in violation of Regulation M. Regulation M places restrictions on written and oral solicitations of securities distributed through a public offering for a specified time period. This time period is based on the average daily trading volume of the security and its public float value. When notified by the BAI Equity Trading Desk, Registered Representatives must not solicit, in writing or orally, orders for shares of the subject security and shares of the referenced security for convertible securities not offered in conjunction with an IPO, that are trading in the secondary market, until notified by the BAI Equity Trading Desk. Additionally, Registered
Representatives may not solicit these shares unless otherwise approved by the BAI Risk Committee (who will take into consideration whether the transaction meets one of the exceptions outlined under Rule 101 of Regulation M).

**Transactions, Trading, and Ticketing**

- Cause any unreasonable delay in the delivery of securities purchased by a client or in the payment, upon request, of free credit balances for completed transactions.
- Execute a client's order at a price or charge a commission/mark-up that is unfair in light of all relevant circumstances.
- Offer any security or confirm any purchase or sale of any security, from or to any person not actually engaged in the investment banking or securities business at any price, which shows a concession, discount, or other allowance, but shall offer the security and confirm the purchase or sale at a net dollar or basis price.
- Engage in municipal security transactions when that Registered Representative is in apprenticeship status. A Registered Representative who does not have previous experience in the securities business in a representative capacity is placed on an "apprenticeship" status for a minimum of ninety (90) days, during which time the employee is prohibited from effecting municipal securities transaction with members of the public or receiving compensation based upon municipal transactions.

**Means of achieving compliance**

BAI associates are responsible for understanding and following this policy.

**Supervision**

Managers are responsible for taking reasonable steps to ensure that associates under their supervision understand and follow this policy and any applicable procedures with respect to prohibited business practices. Please refer to the Supervisory procedures document for additional information on supervisory responsibilities.

**Escalation**

Managers should consult with their immediate supervisors to discuss any issues or exception requests and as necessary consult with the compliance department.

**Monitoring/Oversight**
Based on policy or regulatory changes and/or emerging risks, BAI Compliance may test for adherence to this policy as part of the Annual Compliance Inspection program and/or the Surveillance Program.

Recordkeeping
Registered Representatives may not take part in any deceptive acts or communication to any member of the general public that in any way conveys an untruth or a misleading representation.

Misrepresentations include any conduct which is misleading on a material matter, such as misstatement of fact, omission of a material fact, ambiguous statements, silence, failure to act or concealment where a duty to act otherwise exists.

Common areas of misrepresentation allegations in the sale of securities involve statements concerning:

- Potential yields
- Risk factors
- Predicted price increases
- Value
- Projected profits
- Guarantees
- Liquidity

Statements as to the above items may not be made unless fully supported by reasonable investigation.
Registered Representatives may not warrant or guarantee the present or future value or price of any security, or that any issuer of securities will meet its promises or obligations, or guarantee the client against loss.
Registered Representatives have a duty to provide their clients with responsible recommendations and to execute client orders promptly and accurately. A Registered Representative must at all times have the client's best interests in mind and must avoid even the appearance of impropriety.

Acceptable selling practices are defined in federal and state securities laws, SEC interpretations of these statutes, and NASD rules. Several key principles govern such practices and related BAI policies.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Disclosure</th>
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</thead>
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<td>AOG NO.:</td>
<td>3.6.1</td>
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One of the most important principles on which the securities laws are based is disclosure. In the sale of securities, this means that the issuer of securities and those who act on its behalf must make available sufficient information to enable prospective purchasers to reach informed investment decisions.

In keeping with this principle, it is essential that Registered Representatives disclose to prospective purchasers all material information, including the risks of investing in products offered by BAI. In accordance with the Interagency Statement of February, 1994 and NASD Conduct Rule 2350, BAI requires that all customers be informed that:

Investment products offered by Banc of America Investment Services, Inc.®:

- Are not insured by the Federal Deposit Insurance Corporation (FDIC);
- Are not deposits or other obligations of, guaranteed by Bank of America, Banc of America Investment Services, Inc., or any of their affiliates or subsidiaries; and
- Are subject to investment risks, including possible loss of the principal amount invested.

The guidelines for the timing of this disclosure are stated in the "Standards for Communication with the Public" section of this chapter.

For additional disclosures required for specific products or product types see the "Products" chapter of this manual.
Reserved
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>General Standards</th>
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<tr>
<td>AOG NO.:</td>
<td>3.7.1</td>
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Communication with the public may be in the form of advertising, sales literature, seminars, other types of presentations and correspondence. Please note communications sent to internal Bank of America associates, including electronic communications, with the intent of soliciting interest in or recommending a specific product, type of product, an investment strategy, or type of account (i.e., “fee-based account”), are considered communications with the public because the associate is a potential client of BAI in this situation, and fall into the guidelines/requirements outlined below.

Advertising consists of any written or electronic communication intended for public dissemination where the firm has no control over who receives it (i.e., newspapers, magazines, TV, radio).

For BAI purposes, Sales Literature consists of any written or electronic communications (same material/content) sent to more than one existing or prospective client.

For BAI purposes, Correspondence consists of any written or electronic communication to one existing or prospective client customized for that particular individual. This includes, but is not limited to faxes, notes, emails, and letters. Note, a single e-mail or a duplicate hard copy letter sent to a household (i.e., husband and wife) and/or interested party (i.e., CPA, Attorney or POA) will be considered Correspondence for BAI purposes.

A. Restrictions on Self-Created Material

1. No Self-Created Advertising and Sales Literature Permitted

Registered Representatives may not personally create their own internal or external advertising or sales literature. Registered Representatives may only use pre-approved advertising and sales literature as found on the BAI intranet under the “Marketing” and “Products and Services” tab, the “Off the Shelf” website (www.otshelf.com) or through the Client Connections Integrated Desktop (as available) without alteration. Please note that Registered Representatives may
send Publications (via email or hard copy) from affiliates that have been approved for client use as found on the “Publications” tab of BAI web to multiple clients provided that no alterations are made.

Registered Representatives may also wish to list their contact information through a trade publication/internet site. Registered Representatives must use pre-approved material for this type of advertising. The information in the pre-approved material is limited to just contact information, similar to the information in a phone book listing (i.e., the Registered Representative’s name, address, phone number, and firm name). Prior to approving the content of the communication, Managers must determine if the publication/internet site is reputable and consult with Marketing to determine if there are any reasons why BAI as a firm would not want to be associated with the publication/internet site. As a reminder, Registered Representatives are not permitted to maintain personal websites.

2. Limited Self-Created Correspondence Permitted

Registered Representatives are strongly encourage to utilize pre-approved correspondence that is available; however in limited situations, Registered Representatives may create their own correspondence as deemed necessary.

Please refer to the Review and Approval of Outgoing Correspondence, Advertising and Sales Literature section of this Manual for information about Manager review requirements.

B. General Standards

Communications with the public may not contain promises of specific results. A Registered Representative must remember that there are some basic characteristics of investments which must be included in any communication with the general public.

The “public” is defined as any non-BAI audience:

- There is always some degree of risk involved in the purchase of any security, and
- An investor cannot be assured that an investment will produce a specific return.

Past performance should not be used to imply future results. Projections and predictions must clearly be identified as such.
Communications, whether oral or written, must not:

- Contain any untrue statement or omission of a material fact.
- Be false or misleading.
- Make promises of specific results, or exaggerated or unwarranted claims.
- Use language which is flamboyant or contains unwarranted superlatives or exaggerations.
- Contain projections or forecasts which are not clearly identified as such.
- Make comparisons which are misleading or irrelevant to investing or specific securities.
- State opinions for which there is no reasonable basis in fact.

Material which uses statistics or makes claims or comparisons must be substantiated. This information must be current and represent the past 12 month's performance, and copies of the supporting documentation must accompany the proposed material. Communication that reflects mutual fund performance must comply with the SEC guidelines surrounding the delivery of performance figures for one, five and ten years when available.

Registered Representatives should use approved BAI letterhead with the pre-printed disclosure for all BAI-related communication. BAI letterhead should not be utilized for a Registered Representative’s personal use (for example, using BAI letterhead to send a letter to a Registered Representative’s real estate agent about personal business). Additionally, Registered Representatives must ensure that all required disclosures are included in all communications. In general, securities regulations and BAI internal policies are the same for written and electronic communications. Please refer to the Electronic Communications section of this Manual for additional information on electronic communications with the public.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

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<thead>
<tr>
<th>SECTION:</th>
<th>Disclosures</th>
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<tbody>
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<td>AOG NO.:</td>
<td>3.7.2</td>
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All advertisements and other promotional and sales materials, written or otherwise, about non-deposit products must conspicuously include the disclosures described in the Interagency Statement of February, 1994 and NASD Conduct Rule 2350, which are:

**Investments and insurance products:**

- Are not insured by the Federal Deposit Insurance Corporation (FDIC);
- Are not deposits or other obligations of, guaranteed by Bank of America, Banc of America Investment Services, Inc., or any of their affiliates or subsidiaries; and
- Are subject to investment risks, including the possible loss of the principal amount invested.

The following is the Banc of America Investment Services, Inc. standard disclosure to be used on all printed material distributed to the public to meet these requirements:

We want you to know:
Investment products provided by Banc of America Investment Services, Inc.®:

<table>
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<th>Are Not FDIC Insured</th>
<th>May Lose Value</th>
<th>Are Not Bank Guaranteed</th>
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Banc of America Investment Services, Inc. is a registered broker-dealer, member NASD and SIPC, and a nonbank subsidiary of Bank of America, N.A.

These disclosures must be also be provided to the customer:

- Orally during any sales presentation or discussion of investment products;
- Orally when investment advice concerning nondeposit investment products is provided;
- Orally and in writing prior to or at the time an investment account is opened to purchase these products;
- Orally at the time of the first transaction in any account;
- Orally at the time of any subsequent transaction in a different product, including securities within the same mutual fund family; and
- Orally at the time of any transaction occurring six months or more since the last trade.

Written Disclosures

New Accounts — BAI account documents contain the required disclosures, and when the customer signs the BAI Brokerage Account Application, he/she acknowledges receipt of the written disclosures. All new BAI accounts are required to have complete, signed account documents in the client file.

All promotional material should clearly identify BAI as the selling agent (broker-dealer) and should not suggest Bank of America or any Bank of America subsidiary bank or affiliate is the seller. If brochures, signs or other written materials contain information about both FDIC-insured deposits and non-deposit investment products, these materials must clearly segregate information about the legal entities offering the products and the non-deposit investment products from the information about deposits.

Please note that there are additional disclosures that must be communicated when selling certain products. These are covered in the Products chapter of this manual.

SIPC Disclosure

Pursuant to SIPC rules, any communication with the public that explains what SIPC is, must contain one of the following two standardized phrases:

"Member of SIPC, which protects securities customers of its members up to $500,000 (including $100,000 for claims for cash). Explanatory brochure available upon request or at http://www.sipc.org."

"Member of SIPC. Securities in your account protected up to $500,000. For details, please see http://www.sipc.org."

In both of the cases, the words "Member of SIPC" may be omitted if the official explanatory statement is used in conjunction with the official SIPC symbol.
In an effort to maintain the confidentiality of our customers' personal information, all BAI offices and associates should include standard confidentiality language on all fax cover sheets. Offices and individuals that already have confidentiality language on their fax cover sheets should replace it with the text below. The standard cover sheet located on BAI Forms Online may be used if appropriate.

The confidentiality language:

- Should be in bold font
- Should be in a font size the same size or larger than the predominant text on the page
- May be placed at either the top or bottom of the page
- Is in addition to the standard RSNIP disclosure required on all communications with the public

Standard BAI confidentiality language:

This communication is CONFIDENTIAL and is intended only for the addressee(s) named above/below. If you are not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient(s), please note that any dissemination, distribution or copying of this communication is strictly prohibited. Anyone who receives this communication in error should notify the sender immediately by telephone and return the original message to us at the address above via the U.S. Mail.
It is BAI policy that all advertising and sales literature created by GWIM Marketing/Program Management must receive written approval (may be in the form of electronic approval) of the Firm's Marketing Principal with review by the GWIM Compliance Marketing Review Officer and if applicable, the Legal Department prior to first use. A central file will be kept by the Marketing Principal of all sales literature and advertising approved for firm-wide use.

Registered Representatives must obtain Manager pre-approval on the Marketing Tracking Sheet for all pre-approved hard copy advertising and sales literature.

Pre-approved advertising/sales literature/correspondence and self-created correspondence that is sent electronically is reviewed by Assentor, BAI's email monitoring program, and those messages with potential compliance violations are routed to the Registered Representative's Manager for pre-review (post review for Non-Designated associates).

Self-created and firm-created hard copy correspondence requires Manager pre-approval on the piece itself.
Materials offering new issues of securities to the public, including mutual funds, may be made only by or when accompanied or preceded by a prospectus or offering circular.

Pursuant to Rule 15c2-8, Registered Representatives must provide clients with a current copy of the appropriate prospectus or preliminary prospectus or offering circular as outlined in the product specific sections of this manual.

Additionally, when a client requests a copy of a prospectus or preliminary prospectus or offering circular, the Registered Representative must send the client a copy of the most recent document available.

The client’s written request must be maintained in the incoming correspondence file in the OSJ (documentation of when the prospectus was sent to the client should be indicated on the request). A photocopy of the cover of the document provided (as applicable), with the full name of the client written on the copy, the date delivered to the client, and the Registered Representative’s signature, must be forwarded to the Manager for sign-off and maintenance in the outgoing correspondence file in the OSJ.

Registered Representatives can obtain final prospectuses from the applicable product provider.

Registered Representatives may not underline, mark-up, summarize, condense or otherwise alter a prospectus or offering circular. For more specific information regarding prospectus delivery, please see the product specific sections in this manual.

NASD Rule 2250 requires that BAI disclosure to customers its participation or interest in a primary or secondary distribution at or before the completion of any transaction. This disclosure, as well as all other disclosures required by SEC Rules regarding the terms of the offering or the security being offered, are contained in: the preliminary prospectus, final prospectus, offering circular, private placement memorandum, or official statement. Therefore, Registered Representatives should ensure that clients are provided with the appropriate offering disclosure document,
without exception, at or before the completion of any transaction.

Pursuant to SEC Rule 134, material published or distributed to the public to promote a particular product which is neither accompanied nor preceded by a prospectus is limited to listing the name of the security, the general nature or business of the issuer, the price of the security, the broker/dealer making the offer and offering a prospectus. Registered Representatives may not publish or distribute any materials without the prior written approval of the Manager and the review of the Compliance Department.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

<table>
<thead>
<tr>
<th>SECTION:</th>
<th>Communications with the Public Approval Level Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOG NO.:</td>
<td>3.19</td>
</tr>
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</table>

For a complete discussion regarding communications with the public, please consult the previous sections of this manual entitled: "Standards for Communication with the Public," and "Review and Approval of Outgoing Correspondence, Advertising and Sales Literature."

<table>
<thead>
<tr>
<th>Item</th>
<th>Examples</th>
<th>Approvals/Reviews Required</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Correspondence</strong></td>
<td>Per BAI policy:</td>
<td><strong>Existing and Prospective Client(s):</strong></td>
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<td></td>
<td>Any written or electronic communication distributed to:</td>
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<td></td>
<td>• one existing client; or</td>
<td>• Manager pre-approval on all hard copy correspondence.</td>
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<td>• one prospective client.</td>
<td>• Electronic correspondence that has potential compliance violations are routed via</td>
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<td>Assentor to Managers for pre-review (post review for Non-Designated associates).</td>
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<td><strong>Sales Literature</strong></td>
<td>Per BAI policy:</td>
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<td></td>
<td>Registered Representatives may not personally create their own internal or external sales literature.</td>
<td>• Manager pre-approval on all firm created pre-approved hard copy sales literature.</td>
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<td>• Firm-created pre-approved sales literature that is sent electronically that has</td>
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<td>potential compliance violations are routed to Managers for pre-review (post review for Non-Designated associates).</td>
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<tr>
<td>Advertisement</td>
<td>Per BAI Policy:</td>
<td>Existing and Prospective Client(s):</td>
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<tr>
<td></td>
<td>Registered Representatives may not personally create their own internal or external advertising.</td>
<td>• Manager pre-approval on all firm-created pre-approved hard copy advertising.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Firm-created pre-approved advertising that is sent electronically that has potential compliance violations are routed to Managers for pre-review (post review for Non-Designated associates).</td>
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<tr>
<td></td>
<td></td>
<td>• Advertising created by GWIM Marketing/Program Management must receive written pre-approval (may be in the form of electronic approval) from the Firm’s Marketing Principal, GWIM Compliance Marketing Review Officer and the BAI Legal Department (if applicable). Approvals will be coordinated by GWIM Marketing.</td>
</tr>
</tbody>
</table>

• Sales literature created by GWIM Marketing/Program Management must receive written pre-approval (may be in the form of electronic approval) from the Firm’s Marketing Principal, GWIM Compliance Marketing Review Officer and the BAI Legal Department (if applicable). Approvals will be coordinated by GWIM Marketing.

• May require NASD filing (see Section 3.9.2)
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Series 7 Registered Representative Compliance Manual

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<th>SECTION:</th>
<th>FDIC and SIPC</th>
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<tr>
<td>AOG NO.:</td>
<td>4.8</td>
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</table>

Products offered by BAI ARE NOT covered by the Federal Deposit Insurance Corporation ("FDIC"). Under no circumstances are non-insured products to be represented as insured. Securities and funds carried in the clearing firm’s brokerage account for clients introduced through BAI are covered by the Securities Investor Protection Corporation ("SIPC") and any excess private coverage provided by NFS. This does not include mutual funds held at the mutual fund company. SIPC (and private excess coverage) does not insure a client against market losses, but rather against the financial failure of the broker/dealer holding the assets.

Should a client make a claim against SIPC for losses, the maximum coverage amount for cash and securities under SIPC is $500,000, of which no more than $100,000 may be claimed in cash. For example, if a broker/dealer failed and a client submitted a claim against SIPC for an amount of $520,000 in securities and $150,000 in cash, the client is covered for a maximum of $400,000 in securities and $100,000 in cash.

All protection limits are per client, not per brokerage account. Brokerage accounts in the same client name are aggregated for purposes of determining protection. For more information regarding SIPC, please refer to www.sipc.org or to the SIPC brochure available on BAI Web.
Banc of America
Investment Services Inc.
Series 7 Registered Representative Compliance Manual

SECTION: Products - Introduction
AOG NO.: 5.0

This section describes the various products offered and sold by BAI. The descriptions provide general information and are not all inclusive. For more detailed information, Registered Representatives should contact their Manager(s).

Registered Representatives should understand that not every product discussed in this section of the Manual may be approved for them to sell. Certain products may not be approved for sale across all BAI channels (for example, not all products approved for sale by a dual Private Bank / BAI Registered Representative have been approved for Full Service, etc.). In addition to being approved for sale by the particular channel, the Registered Representative must meet all of the specific criteria necessary in order to be qualified to sell the product.

Managers are ultimately responsible for ensuring that the Registered Representatives under their supervision are aware of the products that they can and cannot offer through BAI.
A. Product Description

Federal agencies are government-sponsored enterprises created by Congress to serve a public good. They are empowered by law to issue Federal agency securities to finance their activities. Some agency securities are backed by the full faith and credit of the U.S. Government, while others are guaranteed by the Treasury or supported by the agency's right to borrow money from the Treasury. Federal agency securities do contain market risk if sold prior to maturity and are not as liquid as direct obligations of the U.S. Government (Treasury securities).

When agency securities are issued, they are ordinarily not sold directly to investors but rather through a syndicate of dealers. Federal agency securities are issued in various forms, including coupon bearing notes and bonds and securities sold at a discount. The following list represents U.S. agency securities that BAI is presently offering.

**FNMA** - Federal National Mortgage Association or "Fannie Mae" was established to provide supplemental liquidity to the mortgage market by purchasing government-insured or conventional mortgages when mortgage money is in short supply and selling them when the demand for mortgage money is reduced. To finance the mortgages purchased, Fannie Mae relies primarily on the sale of debentures, short term discount notes and step-up notes. Fannie Mae debentures are NOT backed by the U.S. Government. Interest income on Fannie Maes is subject to federal, state and local income taxation. Fannie Mae debentures are available in denominations starting at $10,000 with $5,000 increments thereafter. Each purchaser must receive the required disclosure documents for the specific issue.

**FHLB** - Federal Home Loan Banks are organizations operating under a federal charter and governed by Congress. The FHLB is owned by member savings associations. The primary securities issued by the FHLB are bonds backed by qualified collateral. FHLB securities are NOT backed by the U.S. Government. Interest income is subject to federal income taxes but is exempt from state and local taxation. Bonds are available in denominations of $10,000; with $5,000 increments thereafter.
FFCB - Federal Farm Credit Banks are federally chartered banks supervised by an agency of the U.S. Government. The banks provide loans to farmers, ranchers and rural utilities. The loans are collateralized by land, buildings, equipment, livestock, commodities and other agricultural assets. To finance the loans, the FFCB issues three month, six month and one year notes in denominations of $5,000, and/or term issues varying from 18 months to 10 years available in denominations of $1,000. FFCB securities are NOT backed by the U.S. Government. Interest income is subject to federal income taxes but is exempt from state and local taxation.

GNMA - The Government National Mortgage Association or "Ginnie Mae" is a wholly owned corporation of the United States within the Department of Housing & Urban Development. GNMA securities are mortgage-backed securites issued by a financial institution and guaranteed by GNMA. GNMA's guarantee is backed by the full faith and credit of the U.S. Government. GNMAs represent an undivided interest in a pool of government-insured or guaranteed home mortgages. The pools are formed according to mortgage type, maturity and interest rate. GNMA investors receive a monthly "pass-through" of principal and interest payments on the pooled mortgages, and these payments are guaranteed by GNMA without regard to whether the mortgages are, in fact, paid by the borrowers. In addition to scheduled principal payments, unscheduled prepayments, if any, are also passed through to Ginnie Mae investors on a monthly basis. Thus, the average life of a GNMA may be significantly shorter than the stated maturity. Pass-through certificates have a minimum denomination of $25,000. Other types of GNMA products include Mobile Home Pools, Adjustable Rate Mortgages, Construction Loan Certificates, Project Loans, Buy-Down Loans and Growing Equity Loans. Interest paid on all GNMAs is subject to federal, state, and local income taxation.

FHLMC - The Federal Home Loan Mortgage Corporation or "Freddie Mac" was established to help preserve the availability of mortgage credit for residential housing through the development and maintenance of a secondary market in conventional mortgages. Freddie Mac may only purchase mortgages from financial institutions that have their deposits or accounts insured by agencies of the U.S. Government. Freddie Mac sells two types of pass-through securities. Participation certificates ("PCs") are similar to GNMA pass-throughs in that they represent an undivided interest in a pool of conventional residential mortgages. Guaranteed Mortgage Certificates ("GMCs") represent an undivided interest in conventional residential mortgages, which pay interest semiannually and return principal once a year in guaranteed amounts. FHLMC securities are NOT backed by the U.S. Government. All securities issued by Freddie Mac are subject to federal, state and local income taxation.

SLMA - The Student Loan Marketing Association or "Sallie Mae" is a federally chartered corporation established in 1972 under an Act of Congress. SLMA provides liquidity for financial and educational institutions by purchasing student loans and supporting the credit needs of students. SLMA floating rate notes are
issued in a fully book-entry form only and the minimum purchase is $10,000 with multiples of $5,000 thereafter. SLMA will occasionally offer zero-coupon debentures issued in fully book-entry form only. SLMA securities are NOT backed by the U.S. Government. Interest income is subject to federal income taxation, but is exempt from state and local taxation.

**International Bank For Reconstruction and Development ("World Bank")** – The World Bank was organized in 1946 and its capital stock is owned by 155 member countries, of which, the U.S. is the largest shareholder. The principal purpose of the Bank is to promote the economic development of less-developed member countries. It provides loans and related technical assistance for specific projects, and for programs of economic reforms to foster long-term growth of international trade and improved living standards. The Bank is an instrumentality of its member governments and maintains an Aaa/AAA credit rating on its medium and long-term public bond issues.

World Bank obligations are NOT obligations of nor guaranteed by the U.S. Government. The bonds are usually sold in denominations of $1,000 and interest is paid on a 30/360 basis. The World Bank may issue notes, bonds, zero coupon or deep discount bonds, with a fixed or floating interest rate in maturities from one to 30 years.

**TVA** – Established by Congress in 1933, the Tennessee Valley Authority develops the resources of the region to strengthen the regional and national economy and national defense. Power operations are segregated from non-power activities. Bonds are usually issued in denominations of $1,000 and pay interest semi-annually. Income is subject to federal income taxation, but is exempt from state and local taxation.

**FICO** – The Financing Corporation is a "mixed ownership" government corporation chartered by the Federal Home Loan Bank Board pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987. FICO's sole purpose is to function as a financing vehicle for recapitalizing the now-defunct Federal Savings & Loan Insurance Corporation ("FSLIC"). The obligations and interest payable are **NOT** obligations of nor guaranteed by the U.S. Government. The product must be purchased in denominations of $10,000 initially and in multiples of $5,000 thereafter. Interest is subject to federal income taxation, but is exempt from state and local taxation.

**FICO STRIPS** - FICO STRIPS are created when a broker/dealer or other entity purchases a FICO bond and delivers it to a custodian bank. The Bond is then "stripped" into separate principal and interest portions. Each FICO STRIP evidences a direct ownership of a discrete, identifiable future interest or principal payment on the FICO Bond. Owners of FICO STRIPS have all the rights and privileges of owners of the underlying interest and principal obligations on the
related FICO bonds.

The obligations and interest payable on FICO STRIPS are NOT obligations of nor guaranteed by the U.S. Government. The product must be purchased in minimum denominations of with $10,000 with multiples of $5,000 there after. FICO STRIPS, as opposed to the underlying FICO Bonds, may not be eligible for investment by state chartered banks, federally chartered savings association, and federal credit unions.

**REFCO BONDS** are issued by the Resolution Funding Corporation ("REFCO"), a "mixed-ownership government corporation" Chartered pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"). REFCO may issue debt securities to finance the operations of the Resolution Trust Corporation ("RTC"). REFCO Bonds are NOT obligations of nor guaranteed by the United States, or any agency or instrumentality thereof. However, principal on the REFCO Bonds is to be paid from the proceeds of zero-coupon Treasury securities held in a segregated trust account, and payments of interest are ultimately backed by the Secretary of the Treasury. Interest is subject to federal income taxation, but exempt from state and local income taxation.

**REFCO STRIPS** are created when a broker/dealer or other entity (the "Sponsor") purchases a REFCO Bond and then requests the Federal Reserve Bank of New York, the book-entry registrar, to divide the Bond into its separate components, consisting of each future semi-annual interest payments on such Bond (an Interest Only - "IO" Component) and the principal payment on such Bond (the Principal Only - "PO" Component). Each IO and PO is then maintained on the book-entry records of the Federal Reserve Banks, and have separate identifying designations and CUSIP numbers. REFCO STRIPS may be reconstituted into REFCO Bonds. The obligations and interest payable on REFCO STRIPS are NOT obligations of nor guaranteed by the U.S. Government.

REFCO Bonds and STRIPS are offered in book-entry form only and are issued in minimum denominations of $1,000 and integral multiples of $1,000. REFCO Bonds and STRIPS are currently exempt from the registration and prospectus delivery requirements of the 1933 Act. REFCO Bonds and STRIPS usually trade at a premium over Treasuries.

**B. Sales Guidelines**

1. **Solicitation Policy** *(see section 5.6.6)*

2. **Additional Documentation/Disclosure**

In connection with original issuances, a copy of the final Information Statement or other disclosure document (and any supplements) must be delivered to the
customer prior to or contemporaneously with the confirmation.

FNMA - Purchasers of FNMA debentures may receive some of the following documents: Guide to Debt Securities, MTN Booklet, Step-up Sheet and/or dealer prepared offering document (for all transactions from initial purchase through purchases 90 days after settlement date of initial offering).

Farm Credit - Purchasers must receive the most recent Information Statement.

Freddie Mac - Dealer prepared offering document for initial purchasers and for all purchasers during 90 days from settlement date of initial offering.

When recommending Federal Agency Securities, the client must be aware of the potential market risk involved. Most Federal Agency Securities are NOT guaranteed by the U.S. Government and are not as liquid as direct obligations of the U.S. Government.

Federal Agency Securities carry market and credit risks which should be disclosed to the customer. There is no assurance that the issuer will not default or that a customer's investment will not decline in value should the customer decide to liquidate the position prior to maturity.

There must be no representation or implication that a guarantee applies to the investment return or principal value of Federal Agency Securities unless discussing GNMAs.

C. Transaction Approvals

Although Federal Agency Securities are relatively conservative products, risk does vary with the type of security; therefore, Managers should, review the specific product in light of the customer's suitability information.

Federal agency security purchase orders and sell orders where the security is not long in the account of $1,000,000 or more must be pre-approved by the Manager.
FDIC and SIPC

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Should a client make a claim against SIPC for losses, the maximum coverage amount for cash and securities under SIPC is $500,000, of which no more than $100,000 may be claimed in cash. For example, if a broker/dealer failed and a client submitted a claim against SIPC for an amount of $520,000 in securities and $150,000 in cash, the client is covered for a maximum of $400,000 in securities and $100,000 in cash.

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