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FOR IMMEDIATE RELEASE:

Federal Home Loan Bank System Announces Bullet Tap Issue Program

The Federal Home Loan Bank System (FHLBank System) today announced it has established a Tap Issue Program for bullet bonds. This Program utilizes specific maturities that are reopened over a period of time through competitive auctions. Unlike many small issues of similar maturities, Tap Issues will gain recognition in the marketplace through increased size and secondary market volume. Taps offer a predictable and structured auction process that will enhance liquidity, and should result in increased demand from investors and dealers, while providing further funding diversification for the FHLBank System.

In a break from the System's traditional issuance format, the Tap Issue Program uses specific 2-, 3-, 5-, and 10-year maturities that will be reopened at competitive auction over a three-month period. Tap issues will follow 3-month quarters corresponding to the trading of on-the-run quarterly Treasury issues, and have the potential to grow to \$1 - \$3 billion in size. Bonds will pay semiannual coupons on the 15th calendar day of February and August or May and November, and will trade with accrued interest. Delivery can be made through Fed Bookentry, Euroclear and Cedel.

It is anticipated that Tap issues will enable the FHLBank System to further diversify its funding sources by creating a large, regular program with the flexibility of daily issuance and an active, liquid secondary market. Tap issues will be available through the following FHLB bond underwriters who have initially been selected to participate based upon underwriting performance and their overall FHLB relationship:

J.P. Morgan Securities Inc.	Morgan Stanley	CS First Boston	Barclay's Capital Inc.
Paribas Corp.	Deutsche Bank Sec.	HSBC Securities, Inc.	Bear, Stearns & Co.
Merrill Lynch Gov't Sec.	Zions 1 st Nat'l Bank	First Union Cap. Markets	Goldman, Sachs & Co.
Chase Securities, Inc.	ABN AMRO Inc.	Salomon Smith Barney	Morgan Keegan & Co.
Paine Webber Inc.	Lehman Brothers Inc.	Banc of America	First Tennessee Bank

The FHLBank System is a government-sponsored enterprise dedicated to supporting residential mortgage lending and related community development through its more than 7,000 member shareholder financial institutions. In the U.S. domestic and international fixed income markets, the FHLBank System's borrowing programs are notable for both size and diversity. In 1998, over 4,000 separate bond transactions were completed, raising nearly \$280 billion in term debt. Transaction size ranged from \$1 million to \$3.5 billion, with final maturities from 6 months to 30 years. The Bullet Tap Issue Program has been developed in part to build upon the System's success in the jumbo global bullet market, which has benefited from size and liquidity.

Composite closing prices, issue size and other data will be posted on Bloomberg (TAPS <go>) daily beginning July 19. This press release and additional details on this new program can be found on the Office of Finance web site (www.fhlab-of.com) under "News and Analysis". For further information, contact Sarah Drake (703-487-9521) or Mike Ciota (703-487-9508).