Memorandum to Institutions Maintaining Direct Wire Facilities with the Federal Reserve Bank of New York for Securities Transfers

RE: Book-Entry Services Provided for the Tennessee Valley Authority

The Federal Reserve Banks have been named fiscal agent with respect to securities issued by the Tennessee Valley Authority (TVA), an Agency established by the Tennessee Valley Authority Act of 1933. In this connection, TVA will begin issuing interest-bearing bonds in the next several weeks.

TVA's transactions will be handled by FRBNY's securities transfer system. Transfers of TVA obligations will be governed by the same procedures and prices applicable to transfers of other non-Treasury book-entry securities. The ABA number assigned to TVA is 0210-3886-0 and the telegraphic name will be TVA.

A. CUSIP Number/Security Description

Each security will be assigned a unique nine character CUSIP number. The security description field (line 8 of the securities message) will include the alpha mnemonic (TVBD), the interest rate, the maturity year and the series. An example of this is 10 1/8 TVBD 99 A.

B. Denomination

The minimum and multiple denominations will be $1,000 for each new issue.

C. Original Issue

On the original issue settlement date, TVA will transmit the securities through the securities transfer system to depository institutions (DIS). The original issue will be effected by sending a type code 25 message (Reversal Code 2502) which will transfer the securities against payment to the purchaser's account from the TVA issuer account.
D. Secondary Market Transactions

DIS will be able to conduct secondary market transactions for TVA securities nationwide upon issuance. These transfers will be effected using the standard type code 20 message.

E. Principal and/or Interest Payments

The principal and/or interest payments for each security will be automated. On the payment date, FRBNY will wire proceeds, via type codes 89 and 8906 respectively, to book-entry account holders. The procedures for processing these payments will be the same as those presently in place for effecting payments for other book-entry securities.

Questions regarding this announcement should be directed to Patricia Hilt-Lupack, Manager, Securities Transfer Department, on (212) 720-5379.

Sincerely,

Carol W. Barrett
Vice President