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 Tennessee Valley Authority (TVA) will begin issuing discount notes in book-entry form on or about March 1, 1991. In this connection, the Federal Reserve Banks have been named fiscal agent with respect to these obligations.

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 obligations are transferable nationwide upon issuance.

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 (TVDN) and the maturity date. An example of this is "TVDN 07/01/92".

B. Denomination
   The minimum and multiple denominations will be $100,000 and $1,000 respectively.

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
   These transfers will be effected using the standard type code 20 message, and will be governed by the same procedures and prices applicable to transfers of other non-Treasury book-entry securities.
E. Principal Payments

The principal payments for each security will be automated. On the payment date, FRBNY will wire proceeds, via type code 89, 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,

[Signature]

Carol W. Barrett
Vice President