Connecticut Avenue Securities® (CAS) Notes Tender Offer
Frequently Asked Questions (FAQs)

Q1. Why is Fannie Mae launching a CAS notes tender offer?

The tender offer for the CAS notes is intended to reduce the level of Fannie Mae’s indebtedness for the targeted CAS notes, reducing the associated interest expense.

Q2. What is an “any and all” tender?

In an “any and all” tender there is no prioritization of the notes accepted for tender and no cap on the amount of notes we will accept for tender.

Q3. How did Fannie Mae determine which CAS notes to include in the tender offer?

Fannie Mae considered a number of factors when selecting the CAS notes, including the ongoing interest expense for the targeted CAS notes, the capital treatment for the CAS notes, and our risk management objectives.

Q4. What are Fannie Mae’s plans after repurchasing CAS notes?

Fannie Mae will retire and cancel any CAS notes that are tendered and accepted in the tender offer. The cancelled CAS notes and related reference tranches will be deemed to continue to be outstanding in accordance with the terms set forth in the applicable Debt Agreement solely for purposes of making calculations with respect to the hypothetical structure and reference tranches.

Q5. Why may an investor choose to participate in the tender offer?

The CAS notes tender offer provides investors the opportunity to sell certain outstanding CAS notes at an announced tender price. Depending on investors’ reinvestment alternatives, the tender price may provide investors the economic incentive to sell to Fannie Mae. Investors who are thinking about tendering should consult with their own financial and legal advisors about the risks of participating or not participating in the tender offer, the appropriate tools and metrics to analyze any decision to tender, and the suitability of a decision to tender with an investor’s particular circumstances.

Q6. What is the expected impact of the tender offer on CAS notes’ secondary market trading?

If notes are successfully tendered, the outstanding principal amount available for trading (the “float”) of remaining (untendered) notes will decrease. A smaller float may reduce trading liquidity or price stability.

Q7. Can investors tender Related Combinable and Recombinable Notes (RCR Notes) associated with the targeted CAS notes?

Fannie Mae is only tendering for the eligible CAS notes listed in the Offer to Purchase, and not for any associated RCR Notes. Any holders of the associated RCR Notes will need to first exchange their RCR Notes for eligible CAS notes, and then submit their eligible CAS notes pursuant to the terms of the tender offer. The procedures for converting RCR Notes into CAS notes are set forth in the applicable Global Agency Agreement for such securities.
Q8. Will this tender offer impact credit enhancements or payment on the targeted CAS notes for those investors who choose not to participate or for notes not part of the tender offer?

The outstanding balance of a tendered CAS note that is cancelled following the tender will continue to be counted as part of the related reference tranche. CAS notes that are not tendered will remain outstanding. The calculations on any remaining outstanding CAS notes and any associated credit enhancements (including related RCR notes and other notes using the same reference pool) will not be impacted by the tender offer.

Q9. Does Fannie Mae expect an impact to new CAS security issuance or pricing?

A tender offer may or may not impact pricing of new-issue CAS securities. Investors with proceeds from tendered CAS notes may re-invest in new CAS issues or may invest in other securities. A tender offer may impact secondary market prices for CAS notes, which in turn may impact new-issue pricing.

Q10. Does this signal a change to Fannie Mae’s credit risk transfer plans?

The tender offer is a liability management transaction intended to reduce the interest expense associated with the targeted CAS notes; it does not signal a change to Fannie Mae’s credit risk transfer plans.

Q11. Where can I find more details about the CAS notes tender offer?

Please visit our CAS transactions webpage.