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**NEWS RELEASE**

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**ISDA ANNOUNCES FURTHER STEP TOWARD COMPLETION OF**

**FANNIE MAE AND FREDDIE MAC PROTOCOL**

**NEW YORK, Tuesday, September 16, 2008 –**The International Swaps and Derivatives Association (ISDA) today announced a further step toward completion of its protocol for credit derivative transactions referencing Fannie Mae and Freddie Mac, the two US government sponsored entities (GSEs) that were placed in conservatorship on Sunday, September 7.  
  
After consulting with a broad section of its membership as to the deliverability of the principal-only component of debt securities of the two GSEs, ISDA consulted its Board of Directors to bring the debate to resolution. The ISDA Board, with the benefit of advice from Allen & Overy LLP that any component of a debt security is not a deliverable obligation under a standard CDS contract, determined that principal-only components will not be included in the list of deliverable obligations for purposes of the settlement auctions in respect of the GSEs.  
  
Following its initial discussions with a range of representatives, ISDA took the step of referring this decision to its Board of Directors, with input from counsel, in order to provide certainty to the market and to reflect the terms, spirit and intent of the contract, and facilitate the most fair and appropriate economic determination.

"The result reflects the optimal outcome for the legal integrity of the contract and is the right outcome for the reasonable economic expectations of market participants," said Robert Pickel, Executive Director and Chief Executive Officer, ISDA. "This is another example of how ISDA, working with market participants from the full range of constituencies, has achieved a fair and reasonable resolution that benefits the integrity of the product and of the industry itself."

**About ISDA**

ISDA, which represents participants in the privately negotiated derivatives industry, is among the world’s largest global financial trade associations as measured by number of member firms. ISDA was chartered in 1985, and today has approximately 850 member institutions from 56 countries on six continents. These members include most of the world’s major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities.  Information about ISDA and its activities is available on the Association's web site: [www.isda.org](http://www.isda.org/).

    
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