



Brian P. Brooks

Executive Vice President, General Counsel
and Corporate Secretary

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Via Email and First Class Mail

C. Barr Flinn, Esq.
Young Conaway Stargatt & Taylor, LLP
Rodney Square
1000 North King Street
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bflinn@ycst.com

Dear Mr. Flinn:

As you are aware, Fannie Mae is a federally-chartered corporation, operating under a federal conservatorship since 2008. Under federal law, when Fannie Mae entered conservatorship, the Conservator assumed, by operation of law, all of the rights, titles, powers, and privileges of the company, its board of directors, and its shareholders. (See 12 U.S.C. §4617(b)(2)(A)(i).) The Conservator has authorized me to respond on behalf of the Fannie Mae Board of Directors to your two letters, dated January 19, 2016, concerning dividend payments and your client's demand for inspection of certain of Fannie Mae's books and records.

You have characterized your first letter as a "Demand for Action Concerning Improper Dividend Payments." The Board disagrees with the position on the applicable law governing the Board set forth in your letters. Among other things, to the extent that state law principles such as those you assert in your letter would impose obligations different from those arising under federal law and the related federal conservatorship, federal law controls.

Moreover, Fannie Mae's payments of dividends to the United States Treasury have been made pursuant to quarterly directives from the Conservator. Our directors serve on behalf of the Conservator and have no fiduciary duties to any person or entity except to the Conservator.

Your second letter demands inspection of Fannie Mae's books and records pursuant to Delaware law. Because, as noted above, the Conservator has assumed all of the rights, titles, powers, and privileges of the company, its board of directors, and its shareholders, we have referred your request in this matter to FHFA for further consideration.

Sincerely,

/s/ Brian P. Brooks

cc: Alfred Pollard, General Counsel, FHFA