



Federal
Home Loan
Bank
OF INDIANAPOLIS

August 20, 2004

To all FHLBI members:

The Federal Home Loan Bank of Indianapolis' (FHLBI) Capital Plan establishes stock requirements for Mortgage Purchase Program (MPP) participation to be set by action of the board of directors within a range of 0% to 5%. This range allows management and the directors flexibility to manage the FHLBI's balance sheet and to meet members' needs as the financial environment changes. The board, at its discretion, may amend the range in the Capital Plan at any time.

As part of our continuing effort to meet our members' needs, the FHLBI has amended the activity-based stock requirement of the Capital Plan for members selling mortgages to the FHLBI under MPP. For trades executed on or after September 7, 2004, the activity-based stock requirement has been amended from 3% to 0% for the next \$3 billion of eligible MPP assets. This reduction will not affect stock requirements for transactions traded before September 7. The 0% requirement will continue until either the \$3 billion of Mandatory Delivery Commitments (MDC) are filled or until the FHLBI's board of directors further amends the activity-based stock requirement of the Capital Plan.

A member may elect, on a one-time basis, to retain the 3% MPP stock requirement by providing a written request.

The FHLBI is committed to supporting you and your communities. If you have any questions, please call Jon Griffin at 317-465-0503, or Tony DiGiovanni at 317-465-0559.

Sincerely,

/s/

Martin L. Heger
President & CEO