

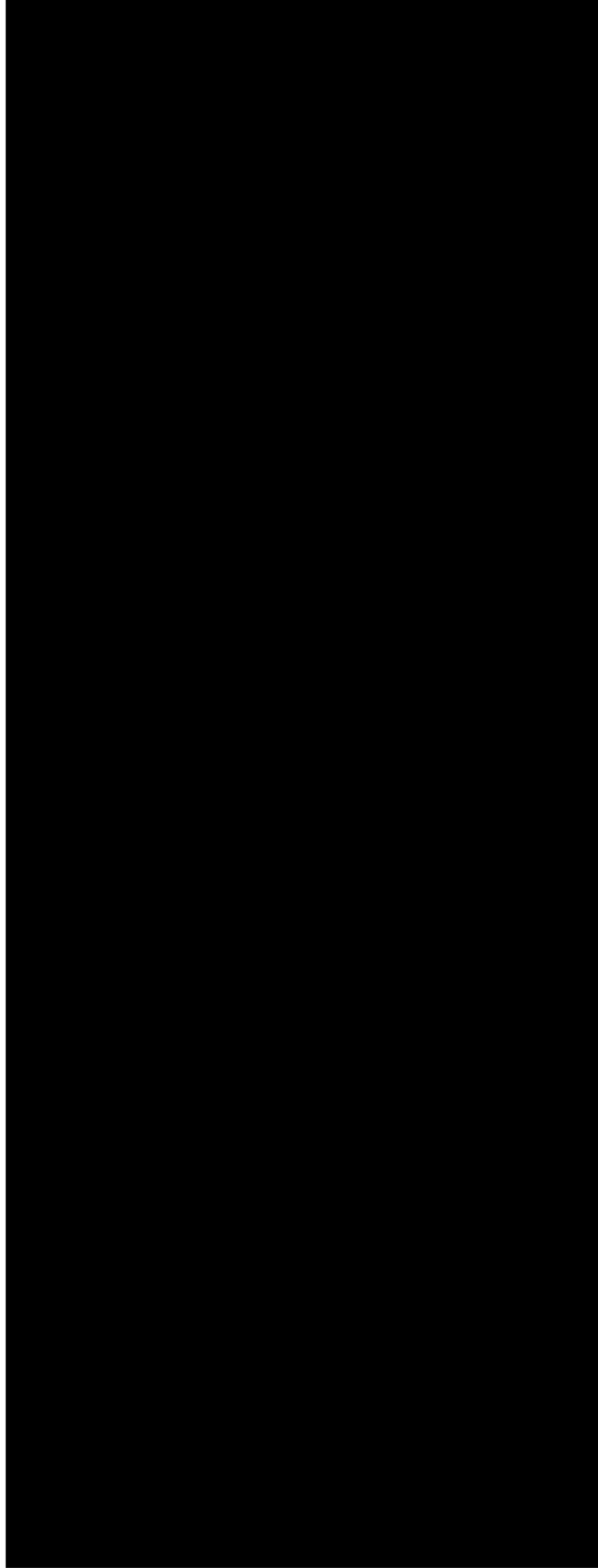


Open Accounting Issues

September 22, 2008

Background

- On September 6, 2008, FHFA was appointed by its Director to be the Conservator Freddie Mac.
- On September 7, 2008 FHFA, as Conservator, established contractual arrangements between the U.S. Department of Treasury and Freddie Mac.



Open Accounting Issues

Conservatorship Issues – New Transactions

- Designed to stabilize Freddie Mac with the objective of returning it to normal business operations.
- Executed a Preferred Stock Purchase Agreement with the Treasury with an initial amount of \$1 billion and the commitment for additional preferred stock with an upper bound of \$100 billion.
 - » Treasury contribution of funds is “triggered” if FHFA has determined that Freddie Mac’s liabilities has exceeded its assets, excluding the Treasury commitment itself.
 - » Provides capital necessary to continue critical mission.
 - » Pays quarterly cumulative dividend at rate of 10% per year, or 12% in any quarter in which dividends are not paid in cash.
- Issued “warrants” for the purchase of common stock representing 79.9% of Freddie Mac common stock.

