

Meeting with FHFA, Fannie Mae and Freddie Mac Analysis of Pushdown Accounting

Summary of the Transaction

1. FHFA placed Freddie Mac into conservatorship
2. Voting rights on common stock suspended, and dividends on preferred stock and common stock eliminated, Board of Directors eliminated
3. \$1 billion senior preferred stock issued to Treasury
 - 10% dividend payable in cash
 - If paid in-kind, the dividend becomes 12%
4. Warrants on 79.9% of the common stock issued to Treasury
 - Exercise price is 1/1000 of a cent
 - Exercisable over the next 20 years

Rationale for Not Applying Pushdown Accounting

Rationale for Applying Pushdown Accounting

Redacted for Privilege

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