Where we are:

- In agreement that the warrant will help a stock option.
- W/ showing no dilution shares shown in the P/L. We believe that it is better to show the true result of the money invested.

To Sr. P/L

Grid structure in "geological terms."

2nd layer of P/L = killed it.
Thin layer of Sr. Prepended = replaced the thick layer.

Some history to suggest a 15% yield.

Some discuss

Twisted yield - $600M, not $1B

Why were buy:

* We've built models.
  * Yield inputs

* Met w/ Dom Finan:
  * Got response
  * Unsolicited responses
  * Should there be a credit premium - in the warrant?

- We also see no evidence of a credit premium - no real buyer
Re. The Commitment
- We saw Ms. Doe
- Incomplete
- Hoping to get a little more info on that from FM today

Model needs inputs
- Series of options to draw/blend @ GAAP it's

What are the expectations for future def's
- Range of uncertainty
- Underlying assumptions that drive the estimates

GAAP - assets
- assets/funds
- growth of the gap over time

Will have some deficiencies

What scenarios
- Underlying assumption
- Sensitivity

Jonathan Harris - you would need a volatility of our T/H equity

Not a regular stock - just build a risk neutral?
- Basic volatility x a RF rate

Do not much to observe - there's a barrier option
- triggers as a down - what is the range amid the deficiency
- We need their starting point
- Different on Sep 8 vs 30?

Before on the asset
- Initial

They are not independently valuing the commitment

FV amt.
- Prescribed by the same framework at 1st

Can we leverage the existing participant a better way to do this?
- Yes, but there's no real guidance / comparable
- No real marketplace info / interbank trading

Would it be a derivative?
No, basic stand-by LOC facility

Pretty clear when it's married, how it's measured
Rate it would yield

What is the outlook for the shift between the assets & limits?

The Keepwell Agreement - ❗️
- Can't & shouldn't leverage

Capability to draw doesn't match your ability

What w/ the drawdown?
- The market price for their credit facility?
We don't see a natural way of doing this by observing the market

- All kinds of ways
- What were your expectations for GAAP
  - Growth - steady state - share counts

This led to this facility

MS & Hackett did an analysis
Why isn't that the basis for our figures

H: Book value wasn't the great was subsequently wound up.

A: The forecasts FM provided to those guys were GAAP-based.

H: Disconnect here. What else provided a base that led to

JH: Based on publicly available. Inh?

JH: If the analogy is to get someone to step in, they'd

TF: Delink the value of the commitment or the compensation from the GS's.

TF: Rule of Thumb or Regulatory basis connect to GAAP at this high?

Monthly basis to the FHFA ➔ MIN Capital Portion for
  the regulator ➔ specifically GAAP-based
- Risk-based capital also provides data to PRTFA to the Capital Supervisor.
  - Weekly forecasts for 9 months
  - Out of
- What they expect cap. pos. hi.
- Linked to Finance Analysis Planning

So if we saw a deficiency on a regulatory basis
w/i t be gone

ROCI is the missing part of not part of the eq. calc.

Def. is a component of core capital to min cap. capital

Cost it's projected to no direct link to the rest with

Asset c/t not included in it as a component of eq. asset

You'll need the volatility

Prob. of forecast
Driver is the optim value

Core capital vs. the new account
- Proposing
  - In the table in APIC
- w/6 part of the calc's so there is no impact on it
Can capital be called in for non-cum P/S? 
Debates about whether this is cumulative:
- Because if all times these receive cons. divs.
  - makes it not cum. even if cum. is in the mem.
  - i.e. prep. @ a higher rate.

Core cap.
Regulatory cap.

If they drew down on the facility
to get to a 5% equity mm
Could get below statutory min. => not a franchise

Not opposed to worker w/ a proxy for the info.
Is there a benchmark
We will have to make some reasonable assumptions
 incl. any comments.

Pick a proxy
Base in avail. day.

We want to est. based on the best avail. info.
As of these 2 charts.
Best proxy for JH
FV of PPE / Comm. Equity

Did not clean how to use it

JH: When it always is zero
Make cap for trns. from FV to SH

MV → [adj. to translate to Shareholders equity]

What does it track GAAP or RV def?

What drives the Comm? What are the drivers?

1/2: What differences?
2/2: but it's the volatility that drives that

We need the act. + a narrative summary how that est. was derived

Any What is the SH equity?

Do: If it came out <0, anticipate a down
   + how it was derived

Are: will this become an ongoing update to JH?

Do: not addressed yet, that prob. annually
FV of equity
What is the assumption of the next dividend

FM = [redacted]
They cannot pay to the share the 10% dividend not increase the liquid preference.

- Economic benefit to incur the 12% compounded

Purely economic 10% vs. 12% compounded

If we had FV of equity would it have embedded the 10%
in it?

Yes

C2 Any + A in equity - any report implied?

An can only be done on an external capital raise if they increase the liquid preference, their only way to raise cash is then the to an equity raise [get this nailed down]

It will limit

Asking for what is already been done
**Q:** How will FNM's info be used?

**G:** We're asking for info that is certified, that forecast is not a robust certified doc.

**E:** Yes, it's pertinent in this scenario.

**H:** There is precedent for model-based KMV approach or analyzing default risk. Some kind of risk of B/R from the B/S, then when based on stock price volatility, you can predict B/R.

No great predictor of volatility.

**D:** Not important that B/S

**H:** It is the critical component.

The relevant volatility is the GAAP definition.

**H:** Look at the comments for FV of the firm from GAAP value.

But guy, how robust are the analyst's reports?

**G:** There are a few.

**Q:** Model concerns, underwrite the uncertainly around US produce securities and mark to market portfolio or mark to market.

**G:** Assumptions about credit risk place value of Sec's.
What about debt rating
A. Firm triple a why in LT & ST debt
   P'd shake & a lowest rating
   S&P brings out risk to the good rating
Earnings projections
   Rating agencies have not published

[Some < 60 decimal points of certainty] Greg Close

Our side: What was known or knowable

Tfay: Summarize where we are
   Must meet w/ forecast group -> asap
   What factors are in the forecast?

A6: Last time we'd discussed the Acfos.
A7: Trees, will take all this in

A8: The warrants
   of shares in the face of 42
   5th Sept > CBS
   20 Sept > CBS their date
Outstanding

Ady

\[ \Rightarrow \text{not in the public domain, but not a significant factor} \]

\[ \Rightarrow \text{provide us with that} \]

\[ \Rightarrow \text{we want to be able to reconcile to the F/S} \]

A6. will walk w

\[ \Rightarrow \text{not on their valuation} \]

\[ \Rightarrow \text{will we have access to the model?} \]

\[ \Rightarrow \text{any expectation that its must match} \]

\[ \text{65's O} \]

(6) Is there concern about differences

we need to speak to all bank staff in this

(6) Was the info we recorded from

\[ \text{did we include a look at Black Rock’s figure?} \]

(6) We saw under confidentiality

\[ \Rightarrow \text{when did we discuss the long} \]

\[ \text{W/M’s?} \]

(6) They weren’t available

\[ \Rightarrow \text{not currently available} \]

\[ \text{was this an at-rule? xh or not?} \]

\[ \Rightarrow \text{not} \]
Hi, it's me. Looking to mix it up like the P/S and then...

- He doesn't agree
  - The P/S helps come up with certain conclusions
    - took away risk
    - removed
    - The P/S
    - The P/S makes for a
    - They get dividends
  - A QF argues it's way better than the P/S
    - Comments
      - Restraining the size
      - The debt they can use

- We're saying it's more like
  - 21 million of preferred that still acts as a buffer

- 16% in the floor, not possible to come up w/ a close or premium

- What inputs are we using?

- Look at another asset of the preferred is to get observable
  - Some inputs

- Preferred is trading @ yields that reflect the uncertainty of the
  - receive dividends, risk, etc.
Prep'd was trading very much on the fact that
Moody's downgraded them prior to the Conservative

Sr. Prep'd → if they were rating they w/6 trading
@ AA+ AAA rating (but they're not)

we w/6 happy to have these discussions

The Actual Deferral moment for Agency Prep'd Mkt

Negevini
Not comparable
They're treating it as a separate class
→ not like any other class of Prep'd stock
they're done over the yrs.

We recognize also that it "created its own weather"

Timy

Aa → will come w/ Good News

→ will respond and things move, provide a response
to get us info

→ Conf in Sr. Prep'd. → Ano w/this thru the PMEA mtg
who else needs to be there

If they had a history of 5H Equity m/6/6 to get
a cumelastic rear to reveal the volatilities
On - we have generated some info.
- Historically no deficiencies

V = σ, he means the volatility

Value of the commitment - Libor +
Volatility is a huge driver-
30 to 60 bps = 1 b

We need a base projection + a risk prem.
Let's 9.30 Fls aum1?

TF → yes

Regulatory v. GAAP issues

Do those track pretty closely
Core capital is compound to the agreement's

ADC1 is too tough.
= it's significant
Large # of securities impacting ADC1

Blackrock was where the projection came from