Freddie Mac
We make home possible℠

Senior Preferred Stock Purchase Agreement
Implementing Capital Draws

Meeting with FHFA Capital Supervision
October 9, 2008

Confidential
DRAFT – 10/8/08

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted

Summary of Covenants

- The senior preferred stock agreement includes several covenants that restrict our business activities. Specifically, until the senior preferred stock is repaid or redeemed in full, we may not, without prior written consent of Treasury:
  - Redeem or pay dividends on any equity security other than senior preferred (or permit any subsidiary to do so)
  - Issue capital stock of any kind other than senior preferred
  - Terminate conservatorship other than in connection with receivership
  - Sell, transfer, lease or otherwise dispose of assets outside the ordinary course of business except under limited circumstances
  - Increase indebtedness to more than 110% of indebtedness as of June 30, 2008 or issue any subordinated debt (need FHFA decision on indebtedness definition; see pages 13 to 14);
  - Acquire or consolidate with, or merge into, another entity;
  - Own mortgage assets in excess of $850 billion on December 31, 2009; balance of mortgage assets must decline by 10% per year thereafter until it reaches $250 billion (need FHFA decision on mortgage assets definition; see pages 15 to 16);
  - Engage in any transaction with an affiliate unless the terms are: no less favorable than in an arm's-length transaction with a non-affiliate; taken in the ordinary course of business; or pursuant to an existing contractual obligation or customary employment agreement
- Without consent of FHFA, in consultation with Treasury, we may not enter into any new or adjust existing compensation agreements for "named executive officers."
- Periodically, FHFA must provide a written certification to Treasury regarding Freddie Mac's compliance with these covenants.

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted