

# **EXHIBIT 1**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

IN RE: 2008 FANNIE MAE ERISA  
LITIGATION

09-CV-01350-PAC  
MDL No. 2013

**SETTLEMENT AGREEMENT AND RELEASE**

This Settlement Agreement and Release (the “Settlement Agreement”) is entered into by and between: (i) Mary P. Moore and David Gwyer (“Plaintiffs”) in the above-captioned action (the “Action”), for themselves and on behalf of the Settlement Class (defined below); and (ii) Fannie Mae, on behalf of all Defendants (defined below) except Daniel Mudd, (collectively with Plaintiffs, the “Parties”) pursuant to Rule 23 of the Federal Rules of Civil Procedure and subject to Court approval.

WHEREAS:

A. Beginning on October 23, 2008, Plaintiffs filed two putative class actions asserting various claims for relief under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) against Defendants;

B. On May 14, 2009, the Court entered Pretrial Order No. 1 Consolidating the ERISA Action and Appointing Interim Co-Lead Class Counsel. Among other things, the Court consolidated the actions and appointed Harwood Feffer LLP and Kessler Topaz Meltzer & Check, LLP to act as interim Co-Lead Class Counsel for Plaintiffs and the putative class (“Co-Lead Class Counsel”);

C. On September 11, 2009, Plaintiffs filed a Consolidated Class Action Complaint for Violations of ERISA. Defendants moved to dismiss this complaint on November 2, 2009

which Plaintiffs responded to on January 15, 2010. The motions were terminated as moot in or about February 1, 2012;

D. On March 2, 2012, Plaintiffs filed an Amended Class Action Complaint for breach of fiduciary duty under ERISA (the “Amended Complaint”). Plaintiffs pursued their allegations on behalf of all Persons (excluding Defendants and their Plan beneficiaries) who were participants in or beneficiaries (including alternate payees) of the Plan at any time between April 7, 2007 and May 14, 2010 (the “Class Period”), and whose accounts included investments in Fannie Mae Stock at any point during the Class Period. On April 4, 2012, Defendants moved, *inter alia*, to dismiss the Amended Complaint. Plaintiffs responded to the motion on May 21, 2012 and Defendants filed their reply papers on June 18, 2012. After oral argument, by Opinion and Order dated October 22, 2012, the Court denied in part and granted in part Defendants’ motion to dismiss;

E. Defendants answered the Amended Complaint on December 10, 2012;

F. In September 2013, Defendants moved to reconsider the Court’s decision denying the motion to dismiss in light of recent opinions issued by the Second Circuit Court of Appeals. Plaintiffs responded to the motion on October 4, 2013. Defendants filed their response on October 11, 2013. The motion was denied by Order and Opinion dated April 21, 2014;

G. Plaintiffs and certain defendants participated in settlement discussions during the pendency of the litigation, including a mediation before David Geronemus, Esq., a nationally-recognized mediator, on July 24, 2013 and July 30, 2014. On November 6, 2014, counsel for Plaintiffs advised the Court that the Parties (except defendant Daniel H. Mudd) had agreed to settle the claims asserted in the Action;

H. Defendants deny any wrongdoing whatsoever, and this Settlement Agreement shall in no event be construed or deemed to be evidence of or an admission or concession, on the

part of any Defendants with respect to any claim of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants have asserted or would assert;

I. The Parties to this Settlement Agreement recognize that this Action has been filed by Plaintiffs and defended by Defendants in good faith, that the Action is being voluntarily settled, and that the terms of the Settlement are fair, reasonable and adequate. This Settlement Agreement shall not be construed or deemed to be a concession by Plaintiffs or any Settlement Class Member of any infirmity in the Claims asserted in this Action or any other action, or deemed to be evidence of any such infirmity;

J. Co-Lead Class Counsel have conducted discovery and obtained extensive documentation relating to the claims and the underlying events and transactions alleged in this Action. Co-Lead Class Counsel have analyzed the evidence adduced in connection with this Action and have researched the applicable law with respect to the Claims of the Plaintiffs and the Settlement Class against the Defendants and the possible defenses thereto;

K. Co-Lead Class Counsel conducted personal and telephonic discussions and arm's-length negotiations with Fannie Mae's counsel under the auspices of the Mediator with respect to a compromise and settlement of this Action;

L. Based upon the extensive record in this case, Plaintiffs and Co-Lead Class Counsel have concluded that the terms and conditions of this Settlement Agreement are fair, reasonable and adequate to Plaintiffs and the Settlement Class, and are in their best interests, and Plaintiffs have agreed to settle the claims raised in this Action pursuant to the terms and provisions of this Settlement Agreement, after considering (a) the substantial benefits that Settlement Class Members will receive from settlement of this Action, (b) the attendant risks of

litigation, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Settlement Agreement;

NOW, THEREFORE, the Parties, in consideration of the promises, covenants, and agreements herein described, and acknowledged by each of them to be fair and reasonable, and intending to be legally bound, do hereby mutually agree as follows:

**1. DEFINITIONS**

As used in this Settlement Agreement, capitalized terms and phrases not otherwise defined herein have the meanings provided below:

1.1 “Action” shall mean *In re 2008 Fannie Mae ERISA Litig.*, No. 09-cv-01350-PAC, MDL No. 2013 (S.D.N.Y.).

1.2 “Affiliate” shall mean, with respect to a Person, any entity which owns or controls, is owned or controlled by, or is under common ownership or control with that Person.

1.3 “Agreement Execution Date” shall mean the date on which the final signature of the Parties is affixed to this Settlement Agreement.

1.4 “Amended Complaint” shall mean the Amended Consolidated Class Action Complaint filed in this Action on March 2, 2012.

1.5 “CAFA” shall mean the Class Action Fairness Act of 2005, 28 U.S.C. §§ 1711-1715.

1.6 “CAFA Notice” shall mean notice of this proposed Settlement to the appropriate federal and state officials, as provided by CAFA. The cost and expense associated with providing CAFA Notice shall be borne by Defendants.

1.7 “CAFA Notice Recipients” shall have the meaning set forth in Section 2.1.4.

1.8 “Case Contribution Award” shall mean the monetary amount awarded by the Court to the Plaintiffs in recognition of Plaintiffs’ assistance in the prosecution of this Action, for which Class Counsel may seek an amount not exceeding \$5,000 per Named Plaintiff. Any such Case Contribution Award shall be paid separately and in addition to the Settlement Fund and is subject to the approval of the Court as set forth in Section 11.3 below.

1.9 “Claims” shall mean any and all claims, counterclaims, cross-claims, complaints, charges, demands, actions, causes of action, judgments, debts, expenses, losses, liabilities, and obligations, including attorneys’ fees, expenses, and costs.

1.10 “Class Notice” means the form of notice appended as Exhibit 1 to the form of Preliminary Approval Order, attached hereto as Exhibit A

1.11 “Class Period” shall mean the period from April 7, 2007 to May 14, 2010.

1.12 “Class Counsel” or “Co-Lead Class Counsel” shall mean Kessler Topaz Meltzer & Check, LLP and Harwood Feffer LLP.

1.13 “Committee Defendants” shall mean Defendants who are or were members of Fannie Mae’s Benefit Plans Committee.

1.14 “Court” or “District Court” shall mean the United States District Court of the Southern District of New York.

1.15 “Defendants” shall mean Daniel H. Mudd, Stephen B. Ashley, David C. Benson, Dennis R. Beresford, Brian Cobb, Louis J. Freeh, Brenda J. Gaines, David C. Hisey, Bridget A. Macaskill, Anthony F. Marra, Brian P. McQuaid, Greg C. Smith, Elizabeth Thompson, and Christine A. Wolf.

1.16 “Defendants’ Insurer” shall mean American International Group (“AIG”), which insured Defendants and which shall fund the Settlement Amount and any Case Contribution Award.

1.17 “Effective Date” shall mean the date upon which the Final Approval Order and Judgment becomes Final.

1.18 “ERISA” shall mean the Employee Retirement Income Security Act of 1972, as amended, 29 U.S.C. § 1001, *et seq.*

1.19 “Escrow Account” shall mean an account at an established financial institution, selected by the Settlement Administrator and approved by Co-Lead Class Counsel that is established for the deposit of any amounts relating to the Settlement as funded in accordance with Section 8.1.

1.20 “Escrow Agent” means (a) an individual, designated in writing by Co-Lead Class Counsel, who executes an undertaking to be bound by the provisions of this Settlement Agreement pertaining to the duties of Escrow Agent, or (b) a federally-insured financial institution proposed by Co-Lead Class Counsel.

1.21 “Fannie Mae” shall mean, and shall be used interchangeably with, Federal National Mortgage Association.

1.22 “Fannie Mae Parties” shall mean Fannie Mae, Stephen B. Ashley, David C. Benson, Dennis R. Beresford, Brian Cobb, Louis J. Freeh, Brenda J. Gaines, David C. Hisey, Bridget A. Macaskill, Anthony F. Marra, Brian P. McQuaid, Greg C. Smith, Elizabeth Thompson, and Christine A. Wolf.

1.23 “Fannie Mae Parties’ Released Claims” are any potential or asserted Claims or demands against the Plaintiffs, Co-Lead Class Counsel, or the Settlement Class Members by the Fannie Mae Parties that arise from the institution or prosecution of this Action or relating to the settlement of any of Plaintiffs’ Released Claims.

1.24 “Fannie Mae Parties’ Released Persons” shall mean the Plaintiffs, the Settlement Class, and Co-Lead Class Counsel.

1.25 “Fannie Mae Stock” shall mean the common stock of Federal National Mortgage Association.

1.26 “Fannie Mae Stock Fund” shall mean the fund in the Plan that was invested in Fannie Mae Stock.

1.27 “Final” shall mean, with respect to any judicial ruling or order, an order that is final for purposes of 28 U.S.C. § 1291, and that: (a) the time has expired to file an appeal, motion for reargument, motion for rehearing, petition for a writ of certiorari or other writ (“Review Proceeding”) with respect to such judicial ruling or order with no such Review Proceeding having been filed; or (b) if a Review Proceeding has been filed with respect to such judicial ruling or order, (i) the judicial ruling or order has been affirmed without modification and with no further right of review, or (ii) such Review Proceeding has been denied or dismissed with no further right of review.

1.28 “Final Approval Hearing” shall have the meaning set forth in Section 2.1.1.1.

1.29 “Final Approval Order and Judgment” shall mean an order by the Court which approves the fairness, reasonableness, and adequacy of the Settlement as set forth in Section 2.1.5 and is substantially in the form attached hereto as Exhibit B.

1.30 “Financial Institution” shall have the meaning set forth in Section 8.1.1.

1.31 “Mediator” shall mean David Geronemus, Esq.

1.32 “Net Settlement Fund” shall mean the Settlement Amount less the costs for provision of Class Notice, Publication Notice, Settlement administration costs, taxes, Court-approved attorneys’ fees and reimbursement of litigation expenses, and other costs the Court deems payable from the Settlement Fund, as described herein.

1.33 “Objection” shall have the meaning set forth in 2.1.5.3.

1.34 “Parties” shall mean the Plaintiffs and the Fannie Mae Parties.

1.35 “Person” shall mean any individual, partnership, corporation, governmental entity, or any other form of legal entity or organization.

1.36 “Plaintiffs” shall mean Mary P. Moore and David Gwyer.

1.37 “Plaintiffs’ Released Claims” are any and all Claims of any nature whatsoever, whether individual, representative, or derivative, known or unknown, accrued or unaccrued, by or on behalf of the Plan, the Plaintiffs and the Settlement Class, including respective heirs, beneficiaries, executors, administrators, Successors-In-Interest and assigns that: (a) were brought or could have been brought in the Action and arise out of the same or substantially similar facts, circumstances, situations, transactions or occurrences as those alleged in the Action during the Class Period; (b) were brought or could have been brought under ERISA based on or relating to the investment of Plan assets in the Fannie Mae Stock Fund by or through the Plan during the Class Period; and/or (c) are related to the prosecution, defense or settlement of the Action. Notwithstanding any other provision of this Settlement Agreement, Plaintiffs and members of the Settlement Class shall not be deemed to have barred, waived, or released any Claim by any individual Plan participant concerning his or her eligibility for benefits under the Plan or to contest the correct amount of such benefit except to the extent that such claim may relate to the Claims asserted in the Amended Complaint.

1.38 “Plaintiffs’ Released Persons” shall mean: (a) Fannie Mae and its parents, Affiliates, subsidiaries, predecessors, Successors-In-Interest, assigns, and past or present directors, officers, controlling persons, attorneys, counselors, insurers, reinsurers, financial or investment advisors, consultants, accountants, representatives or agents, including but not limited to Fannie Mae’s Benefit Plans Committee (“BPC”), and the Compensation Committee of Fannie Mae’s Board of Directors, but excluding Daniel H. Mudd; (b) the Federal Housing Finance Agency (“FHFA”) as Fannie Mae’s Conservator; and (c) each of the other Fannie Mae Parties and their heirs, executors, trustees, personal representatives, estates or administrators, attorneys, counselors, insurers, reinsurers, financial or investment advisors, consultants, accountants, advisors, representatives or agents.

1.39 “Plan” shall mean the Federal National Mortgage Association Employee Stock Ownership Plan, terminated as of May 14, 2010.

1.40 “Plan of Allocation” shall mean the Plan of Allocation approved by the Court as contemplated by Section 2.1.5.1, and as described in Section 9.3.3 and in the form attached hereto as Exhibit C.

1.41 “Preliminary Approval Motion” shall have the meaning set forth in Section 2.1.1.1.

1.42 “Preliminary Approval Order” shall have the meaning set forth in Section 2.1.1.1 and be substantially in the form attached hereto as Exhibit A.

1.43 “PTCE 2003-39” refers to the ERISA Prohibited Transaction Class Exemption 2003-39, “Class Exemption for the Release of Claims and Extensions of Credit in Connection with Litigation,” issued December 31, 2003, by the United States Department of Labor, 68 Fed. Reg. 75632-40, as amended.

1.44 “Publication Notice” means the form of notice appended as Exhibit 2 to the form of Preliminary Approval Order, attached hereto as Exhibit A.

1.45 “Released Claims” refers collectively to Plaintiffs’ Released Claims and Fannie Mae Parties Released Claims as defined in Sections 1.37 and 1.23, respectively.

1.46 “Released Persons” refers collectively to Plaintiffs’ Released Persons and Fannie Mae Parties’ Released Persons.

1.47 “Review Proceeding” shall have the meaning set forth in Section 1.27.

1.48 “Representatives” means attorneys, agents, directors, officers, and employees.

1.49 “Settlement” shall mean the settlement to be consummated under this Settlement Agreement.

1.50 “Settlement Administrator” shall mean the third-party vendor retained by Co-Lead Class Counsel to assist with all administrative matters related to the Settlement as described in Sections 2.1.3, 5.1, 9.3.3, and 9.3.4. The Settlement Administrator’s fees and expenses shall be paid out of the Settlement Amount.

1.51 “Settlement Agreement” shall refer to this Settlement Agreement, including any modifications or amendments adopted pursuant to Section 12.8.

1.52 “Settlement Amount” shall mean the sum of nine million U.S. dollars (\$9,000,000.00).

1.53 “Settlement Class” shall mean all Persons (excluding Defendants and their Plan beneficiaries) who were participants in or beneficiaries (including alternate payees) of the Plan at any time between April 17, 2007 and May 14, 2010, and whose Plan account included investments in the Fannie Mae Stock Fund during the Class Period.

1.54 “Settlement Class Member” shall mean a member of the Settlement Class.

1.55 “Settlement Fund” shall mean the Settlement Amount deposited in the Escrow Account in accordance with Section 8.1 and all subparts thereof.

1.56 “Successors” or “Successors-In-Interest” shall mean a Party or Person’s estate, executor, legal representative, heirs, successors, or assigns, including successors or assigns that result from corporate mergers or other structural changes, and any other Person who can make a legal claim by or through such Party or Person.

1.57 “Terminate” or “Termination” shall have the meaning set forth in Section 10.1.

1.58 “Terminating Party” shall have the meaning set forth in Section 10.1.

**2. CONDITIONS AND OBLIGATIONS RELATING TO THE EFFECTIVENESS OF THE SETTLEMENT**

The Settlement shall not become effective unless and until each and every one of the conditions and obligations in Sections 2.1 and 2.2 (the “Settlement Conditions”) has been either satisfied or waived in writing by the Party entitled to the benefit of the condition or obligation. Except as otherwise provided in this Settlement Agreement, the Parties will use reasonable, good faith, best efforts to cause each of the Settlement Conditions to occur, to include supporting the Settlement Agreement through any Review Proceeding.

2.1 Condition #1: Final Court Approval and Class Certification. The Court must approve the Settlement and certify a Settlement Class for settlement purposes, and the Court’s approval of the Settlement must become Final, in accordance with the following steps:

2.1.1 Motion for Preliminary Approval of Settlement.

2.1.1.1 The Parties will, in good faith, use reasonable efforts consistent with ordinary commercial practice to enable the Plaintiffs to file as soon as practicable a motion (“Preliminary Approval Motion”) with the Court for an order (the “Preliminary Approval Order”) substantially in the form annexed hereto as Exhibit A, including the exhibits thereto, and the Parties shall, in good faith, take reasonable steps to (a) secure expeditious entry of the Preliminary Approval Order by the Court, and (b) seek a date for a hearing to finally determine whether the Settlement is fair, reasonable, and adequate pursuant to FED. R. CIV. P. 23(e) of the Federal Rules of Civil Procedure (the “Final Approval Hearing”), at least ninety (90) calendar days following the mailing of the CAFA Notice and sixty (60) days following the mailing of the Class Notice, or at such other time set by the Court.

2.1.1.2 Class Certification. In connection with the proceedings for preliminary and final approval of the proposed Settlement, Plaintiffs shall, through Co-Lead

Class Counsel, seek orders (preliminary and final, respectively) certifying the Settlement Class pursuant to FED. R. CIV. P. 23(b)(1). For Settlement purposes only, and to effectuate this Settlement Agreement, Fannie Mae Parties shall consent to such certification of the Settlement Class.

2.1.2 Entry of Preliminary Approval Order. The Court shall enter a Preliminary Approval Order substantially in the form annexed hereto as Exhibit A. If the Court does not enter the Preliminary Approval Order (either initially, or if a Review Proceeding has been initiated, then after the conclusion of a Review Proceeding) then (a) there shall be no obligation by Fannie Mae, the Defendants, or Defendants' Insurer to pay any portion of the Settlement Amount, and (b) any Party may Terminate this Settlement Agreement pursuant to Section 10.

2.1.3 Issuance of Class Notice. Pursuant to the Preliminary Approval Order, the Settlement Administrator shall cause the Class Notice to be disseminated via postage-paid, First Class U.S. Mail to the Settlement Class in the same or substantially the same form attached to the Preliminary Approval Order as Exhibit 1, and published in *The Washington Post* and on the *PR Newswire* in the same or substantially the same form attached to the Preliminary Approval Order as Exhibit 2.

2.1.3.1 Provision of Class List. Fannie Mae shall use reasonable efforts to comply with the requirements of Section 5.1, below.

2.1.4 Pursuant to CAFA, Fannie Mae shall, at its own expense, prepare and provide CAFA Notices to the Attorneys General of the United States and all states in which members of the Settlement Class reside (the "CAFA Notice Recipients") within ten (10) calendar days after filing of the Preliminary Approval Motion.

2.1.5 Final Approval Order and Judgment.

2.1.5.1 Plaintiffs shall file a motion seeking final approval of the Settlement (the “Final Approval Motion”) with the Court no later than thirty-one (31) days before the Final Approval Hearing. In the Final Approval Motion, the Plaintiffs will request that the Court, on or after the Final Approval Hearing: (a) enter a Final Approval Order and Judgment, substantially in the form attached as Exhibit B, granting final approval of the Settlement and dismissing the Action with prejudice; (b) approve the distribution of the Net Settlement Fund as provided in the Plan of Allocation; (c) determine the amount of legal fees and expenses to be awarded to Co-Lead Class Counsel as contemplated by Section 11 of this Settlement Agreement; and (d) determine the Case Contribution Awards, if any, to be awarded to the Plaintiffs.

2.1.5.2 The Final Approval Motion also shall ask the Court to permanently enjoin: (i) the members of the Settlement Class from bringing in any forum any of Plaintiffs’ Released Claims against any of Plaintiffs’ Released Persons; and (ii) Fannie Mae Parties from bringing in any forum any of Fannie Mae Parties’ Released Claims against any of Fannie Mae Parties’ Released Persons.

2.1.5.3 At the Final Approval Hearing, the Plaintiffs and Fannie Mae shall request that the Court rule on any objections to the Settlement (“Objections”) by any Class Member, find that the Settlement is fair, reasonable and adequate, and enter the Final Approval Order and Judgment. To be considered timely, Objections must be received by the Court no later than twenty-one (21) days before the Final Approval Hearing. The Objection must be signed by the objector, set forth any and all objections to this Settlement and include any supporting papers and arguments.

2.1.5.4 The Parties agree to support entry of the Final Approval Order and Judgment, including through the conclusion of any Review Proceeding. Further, Fannie Mae Parties shall not take any adverse position with respect to the matters described in clauses b, or d of Section 2.1.5.1, so long as disposition of those matters is substantially in accordance with the provisions of Section 9 and Section 11 of this Settlement Agreement. The Parties otherwise covenant and agree to reasonably cooperate with one another and to take all actions reasonably necessary to effectuate the Settlement Agreement and to obtain a Final Approval Order and Judgment.

2.1.5.5 The Settlement provided for in this Settlement Agreement is expressly conditioned upon the entry of the Final Approval Order and Judgment by the Court, and the Final Approval Order and Judgment becoming Final in accordance with Sections 2.1.5.1, 2.1.5.2, 2.1.5.3, and 2.1.5.4. In the event that the Court denies approval to any material term of the Settlement, at the conclusion of any Review Proceeding, any Party may Terminate the Settlement pursuant to Section 10.

2.2 Condition #2: Funding of Settlement Amount. Fannie Mae must have caused the Settlement Amount to be deposited into the Settlement Fund in accordance with Section 8.1.2.

### 3. **RELEASES**

3.1 Plaintiffs' and the Settlement Class' Releases. Upon the Effective Date, the Plaintiffs (or their Successors) and the Settlement Class shall conclusively, absolutely, unconditionally, irrevocably, and forever release and discharge Plaintiffs' Released Persons from all of Plaintiffs' Released Claims.

3.2 Fannie Mae Parties' Releases. Upon the Effective Date, Fannie Mae Parties shall conclusively, absolutely, unconditionally, irrevocably, and forever release and discharge Fannie Mae Parties' Released Persons from all of Fannie Mae Parties' Released Claims.

3.3 Scope of Releases. The releases and discharges set forth in Sections 3.1 and 3.2 shall not include the release or discharge of any rights or duties of the Parties arising out of this Settlement Agreement, including the express warranties and covenants contained herein.

3.4 Plaintiffs, on their own behalf and on behalf of the Settlement Class, and Fannie Mae Parties hereby expressly waive and relinquish, to the fullest extent permitted by law, any and all provisions, rights and benefits respectively conferred upon him and them by Section 1542 of the California Civil Code and any and all similar provisions of the statutory or common laws, rules, regulations and principles of any other state, territory, or other jurisdiction. Section 1542 reads in pertinent part:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

This express waiver is made with the understanding that Plaintiffs, on their own behalf and on behalf of the Settlement Class and the Plan, and Fannie Mae Parties may hereafter discover facts other than or different from those that they know or believe to be true with respect to the subject matter of the Released Claims with respect to any Released Persons, but nonetheless hereby expressly waive and fully and finally settle and release any known or unknown, suspected or unsuspected, asserted or unasserted, contingent or non-contingent claims that fall under the definition of Plaintiffs' Released Claims, without regard to the subsequent discovery or existence of such other or different facts.

3.5 In the event that any court with original or appellate jurisdiction over this Action determines that any portion of Section 3 of this Settlement Agreement is not enforceable, the Parties may (but shall not be required to) jointly agree in writing to modify Section 3 to conform with such determination.

#### 4. COVENANTS

##### 4.1 Covenants Not to Sue.

4.1.1 From and after the Effective Date, Plaintiffs, on their own behalf and on behalf of the Settlement Class, the Plan, and Co-Lead Class Counsel, covenant and agree: (a) not to file any Claim (whether individually, derivatively, on behalf of a class, or in any other capacity) released under Section 3 against any of Plaintiffs' Released Persons; and (b) that the foregoing covenant and agreement shall be a complete defense to any such Claims against any of Plaintiffs' Released Persons. Nothing herein, however, shall preclude any action or claim related to the enforcement of this Settlement Agreement.

4.1.2 From and after the Effective Date, Fannie Mae Parties covenant and agree: (a) not to file any Claim released under Section 3 against any of Fannie Mae Parties' Released Persons or any other Fannie Mae Party; and (b) that the foregoing covenants and agreements shall be a complete defense to any such Claims against any of Fannie Mae Parties' Released Persons or any Fannie Mae Party.

4.2 Taxation of Settlement Amount. Plaintiffs acknowledge on their behalf, and on behalf of the Settlement Class, that none of the Plaintiffs' Released Persons has any responsibility to pay any income or other taxes due on funds deposited in the Settlement Fund, including those funds that Co-Lead Class Counsel receives from the Settlement Amount, should any be awarded pursuant to Section 11 of this Settlement Agreement. Nothing herein shall constitute an admission or representation that any income or other taxes will or will not be due

on the Settlement Amount. Plaintiffs and the Settlement Class intend that the amounts allocated pursuant to the Plan of Allocation will be used to restore claimed losses to the Plan on account of the investment in Fannie Mae Stock and are intended by Plaintiffs and the Settlement Class to be “restorative payments” within the meaning of Revenue Ruling 2002-45.

**5. PROVISION OF PARTICIPANT DATA TO SETTLEMENT ADMINISTRATOR**

5.1 Fannie Mae shall use reasonable efforts in good faith to provide the Settlement Administrator, in electronic format, within thirty (30) days following the Agreement Execution Date, the names, social security numbers, and last known addresses of the Settlement Class Members and timely respond to any reasonable written requests for reasonably accessible data necessary to effectuate Class Notice and implement the Plan of Allocation. Further, no charge against the Settlement Fund or to Plaintiffs, Co-Lead Class Counsel, or the Settlement Class shall be made, directly or indirectly, for the gathering or the provision of such information or assistance.

5.2 Plaintiffs, Co-Lead Counsel, and the Settlement Administrator shall use reasonable efforts in good faith and consistent with ordinary commercial practice to ensure the security of the information described in Section 5.1, including but not limited to ensuring that electronic file transfers containing any nonpublic personal information will be relayed using secure encryption methodologies meeting or exceeding industry standards with the encryption password delivered in a separate communication or over the phone to the authorized recipient, and hardcopy documents or portable, removable devices containing nonpublic personal information will be relayed via a delivery or mail service that requires the signature from the recipient to confirm receipt and provides tracking services in transit. The Parties will hold such received information in confidence, implement appropriate measures to maintain the

confidentiality, security, and integrity of such information, and not disclose such information to any third party except as provided for under the terms of this Agreement.

**6. REPRESENTATIONS AND WARRANTIES**

6.1 Plaintiffs' Representations and Warranties.

6.1.1 Plaintiffs represent and warrant, as of the date hereof and as of the Effective Date, that they have not sold, assigned, transferred, hypothecated, pledged or encumbered, in whole or in part, voluntarily or involuntarily, any of Plaintiffs' Released Claims against any of Plaintiffs' Released Persons.

6.1.2 Plaintiffs, on their own behalf, and on behalf of the Settlement Class, represent and warrant that, from and after the Effective Date, they and the Settlement Class shall have no surviving Claim against any of the Plaintiffs' Released Persons with respect to the Plaintiffs' Released Claims.

6.2 Parties' Representations and Warranties. Each of the Parties represents and warrants, severally and not jointly, to each of the other Parties:

6.2.1 That he, she, or it is voluntarily entering into this Settlement Agreement as a result of arms-length negotiations among his, her or its counsel, with the assistance of the Mediator;

6.2.2 That in executing this Settlement Agreement he, she, or it is relying solely upon his, her or its own judgment, belief and knowledge, and the advice and recommendations of his, her, or its own independently selected counsel, concerning the nature, extent and duration of his, her, or its rights and Claims hereunder and regarding all matters which relate in any way to the subject matter hereof; and that, except as expressly provided herein, he, she, or it has not been influenced to any extent whatsoever in entering into this Settlement Agreement by any

representations, warranties, or statements, or omissions pertaining to any of the foregoing matters by any Party or by any Person representing any Party;

6.2.3 That he, she, or it assumes the risk of mistake as to facts or law and the Settlement Agreement shall not be subject to termination, modification, or rescission by reason of any mistake as to facts or law;

6.2.4 That he, she, or it has carefully read the contents of this Settlement Agreement, and that he, she, or it has freely entered into this Settlement Agreement; and

6.2.5 That he, she, or it has made such investigation of the facts pertaining to the Settlement, this Settlement Agreement and all of the matters pertaining thereto, as he, she, or it deems necessary.

6.3 Signatories' Representations and Warranties. Each individual executing this Settlement Agreement on behalf of any other Person or the Settlement Class does hereby personally represent and warrant to the other Parties that he or she has the authority to execute this Settlement Agreement on behalf of, and fully bind, each principal whom such individual represents or purports to represent.

## 7. NO ADMISSION OF LIABILITY

7.1 No Decision on the Merits. Each of the Parties understands and agrees that: (a) this Settlement Agreement embodies a compromise settlement of disputed claims for the purpose of avoiding the costs, disruptions, and uncertainties associated with further litigation; (b) nothing in this Settlement Agreement, including the furnishing of consideration for this Settlement, shall be deemed to constitute any finding of fiduciary status under ERISA or wrongdoing by Fannie Mae or any of the Defendants, or give rise to any inference of fiduciary status under ERISA or wrongdoing or admission of wrongdoing or liability in the Action or any other proceeding; and (c) this Settlement Agreement and the payments made hereunder do not

constitute a ruling on the merits, an admission as to any issue of fact or principle at law, or an admission of any liability or wrongdoing of any kind. Fannie Mae and the Defendants specifically and expressly deny any liability or wrongdoing of any kind.

7.2 Reliance on Federal Rule of Evidence 408. This Settlement Agreement has been executed in reliance upon the provisions of Rule 408 of the Federal Rules of Evidence and all similar state rules precluding the introduction of evidence regarding settlement negotiations or agreements and neither the fact nor the terms of this Settlement Agreement shall be offered or received in evidence, or otherwise introduced in any action or proceeding, for any purpose, except (a) in an action or proceeding seeking to enforce or interpret the terms of this Settlement Agreement or arising out of or relating to the Preliminary Approval Order or the Final Approval Order and Judgment, or (b) in an action or proceeding where the releases or covenants not to sue provided pursuant to Sections 3 and 4 of this Settlement Agreement may serve as a bar to recovery.

## **8. THE CREATION OF THE SETTLEMENT FUND**

### 8.1 The Settlement Fund.

8.1.1 No later than fifteen (15) business days after the entry of the Preliminary Approval Order by the Court, the Settlement Administrator shall (a) establish the Escrow Account for the purpose of holding the Settlement Fund, and (b) provide notice to Fannie Mae and Defendants' Insurer of the information needed to deposit the Settlement Amount into the Settlement Fund. The Escrow Account shall be governed by an escrow agreement and will be subject to the jurisdiction of the Court. The monies in the Settlement Fund shall be considered a common fund created as a result of the Action.

8.1.2 In consideration of, and expressly in exchange for, all of the promises and agreements set forth in this Settlement Agreement, Fannie Mae shall cause the Settlement

Amount to be delivered into the Settlement Fund within fifteen (15) business days of the date notice is provided to Fannie Mae and Defendants' Insurer of the Escrow Account in accordance with Section 8.1.1.

8.1.3 The Settlement Fund shall accrue and retain interest and income earned thereon for the benefit of the Settlement Class and shall be invested at the direction of Co-Lead Class Counsel in (a) United States Treasury securities and/or securities of United States agencies backed by the full faith and credit of the United States Treasury with a maturity period not to exceed thirty (30) days, (b) repurchase agreements collateralized by such securities, and/or (c) mutual funds or money market accounts, provided that such funds or accounts invest exclusively in United States Treasury securities and/or securities of United States agencies. Funds in the Escrow Account shall not be commingled with any other accounts or monies.

8.1.4 The Settlement Administrator shall structure and manage the Settlement Fund to qualify as a "Qualified Settlement Fund" under Section 468B of the Internal Revenue Code (the "Code") and U.S. Treasury regulations promulgated thereunder. It is intended that the Settlement Fund be structured and administered to ensure, to the maximum degree possible, that the portion of the Settlement Fund that is distributed to Settlement Class Members pursuant to the Plan of Allocation will qualify for the favorable tax treatment available for tax-qualified plans and trusts under Sections 401(a) and 501(a) of the Code. The Parties shall not take a position in any filing or before any tax authority inconsistent with such treatment.

8.1.5 For purposes of Section 486B of the Code and the regulations promulgated thereunder, the "administrator" of the Settlement Fund shall be the Settlement Administrator. The Settlement Administrator, or any accounting firm that it may retain, shall timely and properly prepare, deliver to all necessary parties for signature, and file all necessary

documentation for any elections required under Section 486B of the Code and regulations promulgated thereunder.

8.1.6 All income and other taxes on the income of the Settlement Fund and tax-related expenses incurred in connection with the taxation of the Settlement Fund shall be paid out of the Settlement Fund. Reasonable fees and expenses incurred for or by any third-party vendor appointed by Co-Lead Class Counsel for calculation, allocation, and distribution pursuant to the Plan of Allocation shall also be paid from the Settlement Fund.

8.1.7 Co-Lead Class Counsel shall have signature authority over the Settlement Fund consistent with the terms and conditions of the Escrow Agreement, and shall direct the Escrow Agent to pay from the Settlement Fund all reasonable costs of administering the Settlement Fund without further order of the Court, which expenses shall include: (a) reasonable expenses associated with the preparation and filing of all income and other tax reports and income and other tax returns required to be filed by the Settlement Fund; (b) payment of any income and other taxes owed by the Settlement Fund; (c) reasonable expenses associated with the preparation and issuance of any required Form(s) 1099 associated with payments from the Settlement Fund; and (d) fees charged and expenses incurred by the Financial Institution, the Settlement Administrator or any accounting firm they may retain.

8.1.8 Co-Lead Class Counsel shall instruct the Escrow Agent to set aside appropriate reserves from the Settlement Fund for income and other taxes and for the purpose of satisfying future or contingent expenses or obligations, including expenses of Settlement Fund administration, before any disbursement is made as provided in Section 9.3 of this Settlement Agreement. Fannie Mae Parties shall take no position, directly or indirectly, with respect to such matters.

8.1.9 Except as provided in Sections 8, 9, and 11 of the Settlement Agreement, no monies shall be paid to Co-Lead Class Counsel, Plaintiffs, or the Settlement Class from the Settlement Fund.

8.1.10 The Parties acknowledge and agree that Fannie Mae and Defendants shall have no authority, control, or liability in connection with the design, management, administration, investment, maintenance, or control of the Settlement Fund, for any expenses the Settlement Fund may incur, or for any income and other taxes that may be payable by the Settlement Fund or any direct or indirect distributee therefrom.

8.2 Sole Monetary Contribution. The Settlement Amount and Case Contribution Awards, to the extent approved by the Court, shall be the full and sole monetary obligation of Fannie Mae in connection with the Settlement and under this Settlement Agreement. All reasonable costs or expenses associated with or related to disseminating the Class Notice shall be paid by the Settlement Fund. Except as provided in this Settlement Agreement, Plaintiffs, the Settlement Class, and Co-Lead Class Counsel shall bear their own costs and expenses in connection with the Settlement, the negotiation and documentation of this Settlement Agreement, and securing all necessary court orders and approvals with respect to the same.

**9. PAYMENTS FROM THE SETTLEMENT FUND**

9.1 Parties' Expenses. Except as otherwise provided herein, the Fannie Mae Parties and their respective counsel shall not charge any fees or expenses to the Settlement Fund. All other costs not provided for herein that Defendants incur relating to the Settlement shall be borne by Fannie Mae. All other costs not provided for herein that the Plaintiffs or the Settlement Class incur relating to the Settlement shall be borne by Plaintiffs.

9.2 Expenses of Class Notice. Co-Lead Class Counsel shall direct the Escrow Agent in writing to disburse from the Settlement Fund the payment of reasonable costs of disseminating and publishing Class Notice.

9.3 Disbursements from the Settlement Fund. Co-Lead Class Counsel shall direct the Escrow Agent to disburse money from the Settlement Fund as follows:

9.3.1 For income and other taxes and expenses of the Settlement Fund as provided in Sections 8.1.7 and 8.1.8.

9.3.2 For the Plan of Allocation, Co-Lead Class Counsel shall propose to the Court a Plan of Allocation in substantial conformity to the one attached hereto as Exhibit C, which shall provide for the calculation, allocation, and distribution of the Net Settlement Fund. Such Plan of Allocation shall provide the method for calculating the specific dollar amount to be allocated by the Plan to the Plan account for each member of the Settlement Class. The Plan of Allocation proposed by Co-Lead Class Counsel shall be sufficiently specific to allow the Settlement Administrator to perform the calculations called for in the Plan of Allocation. The Settlement Administrator shall be exclusively responsible and liable for calculating the amounts payable to the members of the Settlement Class pursuant to the Plan of Allocation, except to the extent any liability or claims relating to the calculation of amounts payable arise from inaccurate or incomplete data as provided by Fannie Mae.

9.3.3 As soon as practicable after the entry of the Preliminary Approval Order, Plaintiffs or the Settlement Administrator shall request from Fannie Mae the data it believes is required to perform calculations pursuant to the Plan of Allocation. Within fifteen (15) business days of entry of the Final Approval Order, Fannie Mae shall cause the production of the data reasonably necessary to perform calculations pursuant to the Plan of Allocation, to the extent

available, to the Settlement Administrator. The Settlement Administrator shall distribute the Net Settlement Fund to members of the Settlement Class. The Settlement Administrator shall be exclusively responsible for distributing the Net Settlement Fund to the members of the Settlement Class as described above, based on the calculations of the Settlement Administrator. Distribution of the Net Settlement Fund to members of the Settlement Class shall be completed by the Settlement Administrator as soon as reasonably practicable after allocation and distribution of the Net Settlement Fund from the Escrow Account. Co-Lead Class Counsel and Defendants shall have no responsibility or liability for the Settlement Administrator's calculations or the distribution of the Net Settlement Fund to the members of the Settlement Class. Defendants, and their Plan beneficiaries, to the extent they were participants or beneficiaries of the Plan at any time during the Class Period, will be excluded from the Settlement Class and the Plan of Allocation.

9.3.4 For attorneys' fees and expenses, as described in Section 11.

9.3.5 The Case Contribution Awards, Plan of Allocation, and award of attorneys' fees and expenses as described in Section 11 are matters separate and apart from the Settlement between the Parties, and no decision by the District Court or any other court concerning the Case Contribution Awards, Plan of Allocation or award of attorneys' fees and expenses shall affect the validity of the Settlement Agreement, the releases or covenants granted herein, or the finality of the Settlement provided that Fannie Mae and Defendants shall not be responsible to pay Plaintiffs or the Settlement Class any amount in excess of the Settlement Amount and Case Contribution Awards granted by the Court.

## **10. TERMINATION OF THE SETTLEMENT AGREEMENT**

10.1 Termination. A Party may terminate this Settlement as set forth in this Section 10, and the Settlement Agreement shall thereupon become null and void ("Terminate" or

“Termination”), if any of the Settlement Conditions are not satisfied, unless the Parties mutually agree otherwise or the Party entitled to the benefit of the unsatisfied Settlement Condition waives that Settlement Condition. A Party seeking to Terminate the Settlement (the “Terminating Party”) must give notice of its intent to Terminate this Settlement to the other Parties in writing within fifteen (15) business days following the event giving rise to Termination. The non-Terminating Parties shall have the right to cure any alleged deficiency identified in the Terminating Party’s notice of intent to terminate. Within thirty (30) business days after such notice is given by the Terminating Party, the Parties may mutually agree to modify this Settlement Agreement. If the Parties do not mutually agree to modify this Settlement Agreement within thirty (30) business days after a Terminating Party gives notice of Termination to the other Parties, then the Termination shall become effective and the provisions of Section 10.2 will apply. If the Settlement Agreement is Terminated, the Settlement shall be null and void, except the provisions set forth in Sections 10.1 and 10.2, and any other Section expressly incorporated therein, shall survive any such Termination.

10.2 Consequences of Termination of the Settlement Agreement. If the Settlement Agreement is Terminated and thus rendered null and void for any reason specified in Section 10.1, the following shall occur:

10.2.1 Within fifteen (15) business days following the Termination of the Settlement Agreement, Co-Lead Class Counsel shall return to Fannie Mae the amount contributed to the Settlement Fund, with all interest and income earned thereon, except that neither Co-Lead Class Counsel nor any other Person shall have an obligation to reimburse to the Settlement Fund for the reasonable costs of Class Notice, or other reasonable costs and expenses

of the Settlement Fund charged to the Settlement Fund under Sections 8.1.6 and 8.1.7 of the Settlement Agreement.

10.2.2 The Action shall for all purposes with respect to the Parties revert to its status as of the day immediately before the Agreement Execution Date.

10.2.3 Neither the fact nor the terms of this Settlement Agreement shall be offered or received in evidence in this Action or any action or proceeding for any purpose, except in an action or proceeding arising under, or to give effect to a provision of, this Settlement Agreement. The understandings and agreements contained in Sections 7.1 and 7.2 shall survive any termination of this Settlement Agreement.

## **11. ATTORNEYS' FEES AND EXPENSES**

11.1 Motion for Attorneys' Fees and Expenses. Co-Lead Class Counsel may move the Court for an award of attorneys' fees not to exceed one-third of the Settlement Amount (a maximum amount of \$3,000,000.00) and for reimbursement of out-of-pocket litigation expenses associated with the Action, to be paid from the Settlement Fund, including fees incurred in securing all necessary Court orders and approvals with respect to the Settlement Agreement. Defendants will take no position with regard to any fee motion submitted by Co-Lead Class Counsel, provided that Co-Lead Class Counsel do not move for an award of attorneys' fees in excess of one third of the Settlement Amount, and Defendants will take no position with regard to any motion of reimbursement of expenses reasonably incurred in prosecuting the Action.

11.2 Disbursement of Attorneys' Fees and Expenses. Co-Lead Class Counsel may direct payment of any Court-approved award of fees and expenses from the Settlement Fund no earlier than five (5) days after entry of the Final Approval Order and Judgment by the Court and (if separate) an order approving Co-Lead Class Counsel's petition for fees and expenses.

11.2.1 In the event that the Settlement fails to become Final or for any reason Terminates despite the good faith efforts of the Parties, Co-Lead Class Counsel shall redeposit into the Settlement Fund the attorneys' fees and expenses originally paid out of the Settlement Fund, plus interest and income accrued thereon for the period from payment from the Settlement Fund to Class Counsel at a rate equal to the rate of interest earned by the Settlement Fund during the same period. Such a repayment will be due within thirty (30) days of the event that caused the Settlement to fail to obtain Final Approval or Terminate.

11.3 Motion for Plaintiffs' Case Contribution Awards. Co-Lead Class Counsel may move the Court for Case Contribution Awards, which shall not exceed \$5,000 each, for the Plaintiffs, payable to the Plaintiffs separately and in addition to the Settlement Fund. Defendants will take no position with regard to the request for Case Contribution Awards provided that Plaintiffs do not move for Case Contribution Awards in excess of \$5,000 for each Plaintiff.

11.4 Disbursement of Plaintiffs' Case Contribution Awards. Within fifteen (15) business days of the Effective Date, Fannie Mae shall cause payment to be disbursed to Plaintiffs, through their counsel, in the amount awarded by the Court (or as modified, as necessary, following any appeal) as Case Contribution Awards.

11.5 Post-Award Expenses. Co-Lead Class Counsel may make a supplemental motion to the Court for an award of reasonable expenses with respect to post-Settlement proceedings and administration, and any such award shall be payable only from the Settlement Fund and not by Defendants or the Defendants' Insurer.

## **12. MISCELLANEOUS PROVISIONS**

12.1 Requests for Non-Privileged Information. If the Court requests or orders Plaintiffs, Fannie Mae, or Fannie Mae Parties to supply non-privileged information in their possession as part of the Court's review of the Settlement, the Plaintiffs, Fannie Mae and Fannie

Mae Parties agree to promptly provide such information to the Court. If Plaintiffs deem it necessary for Fannie Mae or the Fannie Mae Parties to supply non-privileged information in their possession, and not otherwise available to the Plaintiffs, in order to respond to any timely filed objection or Court request/order, Fannie Mae and the Fannie Mae Parties agree to use their best efforts to promptly provide such non-privileged information that has been reasonably requested. If Fannie Mae or the Fannie Mae Parties deem it necessary for the Plaintiffs to supply non-privileged information in their possession in order to respond to any objection or inquiry from the Department of Labor, the Plaintiffs agree to promptly provide such non-privileged information that has been reasonably requested subject to an appropriate confidentiality agreement.

12.2 Cooperation. The Parties agree to cooperate fully with one another in seeking entry of the Preliminary Approval Order and Final Approval Order, respectively, and promptly agree upon and execute all such other documentation as may be reasonably required to obtain Final approval of the Settlement.

12.3 Finality. The parties to this Settlement Agreement intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Class Members against the Released Persons with respect to the Settled Claims. Accordingly, the Parties agree not to assert in any forum that this Action was brought by the Plaintiffs or defended by Defendants in bad faith or without a reasonable basis. The Parties hereto agree that they shall assert no claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the prosecution, defense or settlement of this Action. The Parties agree that the amount paid and other terms of the Settlement were negotiated at arm's-length in good faith by the Parties, and

reflect a Settlement that was reached voluntarily after consultation with experienced legal counsel.

12.4 Advice of Counsel. In entering into this Settlement Agreement, each Party represents and warrants that it has relied upon the advice of its attorneys, that it has completely read the terms of this Settlement, and that the terms of this Settlement have been explained to it by its attorneys. Each Party further represents and warrants that it fully understands and voluntarily accepts the terms of the Settlement.

12.5 Authority. Each Person executing this Settlement Agreement hereby represents and warrants that he or she has the full authority to do so. Each Party further represents and warrants that it has not assigned or transferred to any person any Claim released in this Settlement Agreement, in whole or in part.

12.6 Governing Law. This Settlement Agreement shall be governed by the laws of the United States of America, to the extent applicable, and otherwise in accordance with the internal laws (as opposed to the conflicts of law provisions) of the State of New York relating to contracts made and to be performed in New York.

12.7 Severability. In the event that any court with original or appellate jurisdiction over this Action issues a Final determination that any portion of Section 3 of this Settlement Agreement is not enforceable, the Parties may (but shall not be required to) jointly agree in writing to modify Section 3 to conform with such determination. With the sole exception set forth in the preceding sentence, the provisions of this Settlement Agreement are not severable.

12.8 Amendment. Before entry of the Final Approval Order and Judgment, the Settlement Agreement may be modified or amended only by written agreement signed by or on

behalf of all Parties with notice to be given to the Court of the agreed modification or amendment. Following entry of the Final Approval Order and Judgment, the Settlement Agreement may be modified or amended only by written agreement signed by or on behalf of all Parties, and approved by the Court. Amendments and modifications may be made without notice to the Settlement Class unless notice is required by law or the Court.

12.9 Waiver. The provisions of this Settlement Agreement may be waived only by an instrument in writing executed by the waiving Party. The waiver by any of the Parties of any breach of this Settlement Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, of this Settlement Agreement.

12.10 Construction. None of the Parties hereto shall be considered to be the drafter of this Settlement Agreement or any provision hereof for the purpose of any statute, case law or rule of interpretation or construction that would or might cause any provision to be construed against the drafter hereof. Rather, for the purposes of construing or interpreting this Settlement Agreement, the Parties agree that the Settlement Agreement is to be deemed to have been drafted equally by all Parties hereto and shall not be construed for or against any of the Parties.

12.11 Principles of Interpretation. The following principles of interpretation apply to this Settlement Agreement.

12.11.1 Headings. The headings of this Settlement Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Settlement Agreement.

12.11.2 Singular and Plural. Definitions apply to the singular and plural forms of each defined term.

12.11.3 Gender. Definitions apply to the masculine, feminine, and neuter genders of each defined term.

12.11.4 References to a Person. References to a Person are also to the Person's Successors-In-Interest.

12.11.5 Terms of Inclusion. Whenever the words "include," "includes," or "including" are used in this Settlement Agreement, they shall not be limiting but rather shall be deemed to be followed by the words "but not limited to."

12.12 Dispute Resolution. Disputes over the construction or interpretation of the Settlement shall be decided by the Mediator with each Party to bear their own and equal portions of any fees and expenses of the Mediator, unless otherwise agreed by the Parties.

12.13 Further Assurances. Each of the Parties agrees, without further consideration and as part of effectuating the Settlement, that it will in good faith execute and deliver such other documents and take such other actions as may be reasonably necessary to consummate and effectuate the subject matter and purpose of this Settlement Agreement.

12.14 Notices. Any notice, demand or other communication under this Settlement Agreement (other than the Class Notice or other notices given at the direction of the Court) shall be in writing and shall be deemed duly given upon receipt if it is addressed to each of the intended recipients as set forth below and personally delivered, sent by registered or certified mail (postage prepaid) or delivered by reputable express overnight courier, with a copy by email.

IF TO PLAINTIFFS OR THE SETTLEMENT CLASS:

**KESSLER TOPAZ  
MELTZER & CHECK, LLP**

Edward W. Ciolko  
Mark K. Gyandoh  
280 King of Prussia Road  
Radnor, PA 19087  
Telephone: (610) 667-7706  
Facsimile: (610) 667-7056

**HARWOOD FEFFER LLP**

Robert I. Harwood  
Samuel Rosen  
488 Madison Avenue  
8<sup>th</sup> Floor  
New York, NY 10022  
Telephone: (212) 935-7400  
Facsimile: (212) 753-3630

IF TO FANNIE MAE OR FANNIE MAE PARTIES:

**O'MELVENY & MYERS, LLP**

Jeffrey W. Kilduff  
Shannon Barrett  
Michael J. Walsh, Jr.  
1625 Eye Street, NW  
Washington, D.C. 20006  
Telephone: (202) 383-5300  
Facsimile: (202) 383-5414

Any Party may change the address at which it is to receive notice by serving written notice delivered to the other Parties in the manner described above.

12.15 Entire Agreement. This Settlement Agreement contains the entire agreement among the Parties relating to this Settlement. This Settlement Agreement supersedes any settlement terms or settlement agreements relating to the Parties which were previously agreed upon orally or in writing by any of the Parties.

12.16 Counterparts. This Settlement Agreement, and any amendments thereto, and waivers of conditions, may be executed by exchange of executed signature pages by facsimile or

Portable Document Format (“PDF”) as an electronic mail attachment, and any signature transmitted by facsimile or PDF via electronic mail for the purpose of executing this Settlement Agreement shall be deemed an original signature for purposes of this Settlement Agreement. This Settlement Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one and the same instrument.

12.17 Binding Effect. This Settlement Agreement binds and inures to the benefit of the Parties hereto, their assigns, heirs, administrators, executors and Successors.

12.18 Agreement Execution Date. The date on which the final signature is affixed below shall be the Agreement Execution Date.

12.19 No Benefits to Non-Parties. Except as otherwise expressly provided herein, this Settlement Agreement is not intended to confer any benefits upon any Person.

12.20 Integration of Exhibits. The exhibits to this Settlement Agreement are an integral and material part of the Settlement and are hereby made a part of the Settlement Agreement.

12.21 Deadlines Falling on Weekends or Holidays. To the extent that any deadline set forth in this Settlement Agreement falls on a Saturday, Sunday, or legal holiday, that deadline shall be continued until the following business day.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement on the dates set forth below.

FOR PLAINTIFFS AND ON BEHALF OF THE SETTLEMENT CLASS:

Dated: 4/17/15

By: 

<p><b>KESSLER TOPAZ MELTZER &amp; CHECK, LLP</b> Edward W. Ciolko Donna Siegel Moffa Mark K. Gyandoh Julie Siebert-Johnson 280 King of Prussia Road Radnor, PA 19087 Telephone: (610) 667-7706</p> <p>Co-Lead Class Counsel</p>	<p><b>HARWOOD FEFFER LLP</b> Robert I. Harwood Samuel Rosen Daniella Quitt Tanya Korkhov 488 Madison Avenue 8<sup>th</sup> Floor New York, NY 10022 Telephone: (212) 935-7400</p> <p>Co-Lead Class Counsel</p>
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FOR THE FANNIE MAE PARTIES:

Dated: \_\_\_\_\_

By: \_\_\_\_\_

<p><b>O'MELVENY &amp; MYERS, LLP</b> Jeffrey W. Kilduff Shannon Barrett Michael J. Walsh, Jr. 1625 Eye Street, NW Washington, D.C. 20006 Telephone: (202) 383-5300 Facsimile: (202) 383-5414</p> <p>Counsel for Fannie Mae and Fannie Mae Parties</p>	
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FOR PLAINTIFFS AND ON BEHALF OF THE SETTLEMENT CLASS:

Dated: April 17, 2015

By: Robert I. Harwood

<b>KESSLER TOPAZ MELTZER &amp; CHECK, LLP</b> Edward W. Ciolko Donna Siegel Moffa Mark K. Gyandoh Julie Siebert-Johnson 280 King of Prussia Road Radnor, PA 19087 Telephone: (610) 667-7706  Co-Lead Class Counsel	<b>HARWOOD FEFFER LLP</b> Robert I. Harwood Samuel Rosen Daniella Quitt Tanya Korkhov 488 Madison Avenue 8 <sup>th</sup> Floor New York, NY 10022 Telephone: (212) 935-7400  Co-Lead Class Counsel
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FOR THE FANNIE MAE PARTIES:

Dated: \_\_\_\_\_

By: \_\_\_\_\_

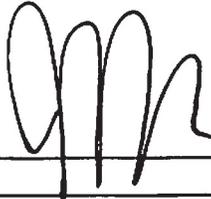
<b>O'MELVENY &amp; MYERS, LLP</b> Jeffrey W. Kilduff Shannon Barrett Michael J. Walsh, Jr. 1625 Eye Street, NW Washington, D.C. 20006 Telephone: (202) 383-5300 Facsimile: (202) 383-5414  Counsel for Fannie Mae and Fannie Mae Parties	
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FOR PLAINTIFFS AND ON BEHALF OF THE SETTLEMENT CLASS:

Dated: \_\_\_\_\_ By: \_\_\_\_\_

<b>KESSLER TOPAZ MELTZER &amp; CHECK, LLP</b> Edward W. Ciolko Donna Siegel Moffa Mark K. Gyandoh Julie Siebert-Johnson 280 King of Prussia Road Radnor, PA 19087 Telephone: (610) 667-7706  Co-Lead Class Counsel	<b>HARWOOD FEFFER LLP</b> Robert I. Harwood Samuel Rosen Daniella Quitt Tanya Korkhov 488 Madison Avenue 8 <sup>th</sup> Floor New York, NY 10022 Telephone: (212) 935-7400  Co-Lead Class Counsel
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FOR THE FANNIE MAE PARTIES:

Dated: 4/17/15 By: 

<b>O'MELVENY &amp; MYERS, LLP</b> Jeffrey W. Kilduff Shannon Barrett Michael J. Walsh, Jr. 1625 Eye Street, NW Washington, D.C. 20006 Telephone: (202) 383-5300 Facsimile: (202) 383-5414  Counsel for Fannie Mae and Fannie Mae Parties	
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**EXHIBITS**

Group Exhibit A: Preliminary Approval Order  
Exhibit 1 to Preliminary Approval Order: Class Notice  
Exhibit 2 to Preliminary Approval Order: Publication Notice

Exhibit B: Final Approval Order and Judgment

Exhibit C: Plan of Allocation

# **EXHIBIT A**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

IN RE: 2008 FANNIE MAE ERISA  
LITIGATION

09-CV-01350 (PAC)  
MDL No. 2013

**ORDER GRANTING PRELIMINARY APPROVAL OF CLASS ACTION  
SETTLEMENT, PRELIMINARILY CERTIFYING CLASS FOR SETTLEMENT  
PURPOSES, APPROVING FORM AND MANNER OF CLASS NOTICE,  
AND SCHEDULING OF A FINAL APPROVAL HEARING**

This Action involves claims for alleged violations of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001, *et seq.* (“ERISA”), with respect to the Federal National Mortgage Association Employee Stock Ownership Plan (the “Plan”).<sup>1</sup> The terms of the Settlement are set out in the Settlement Agreement and Release, fully executed as of April 17, 2015 (the “Settlement Agreement”), by counsel on behalf of Plaintiffs and the Fannie Mae Parties, respectively.

Pursuant to Plaintiffs’ Motion for Preliminary Approval of the Settlement, the Court preliminarily considered the Settlement to determine, among other things, whether the Settlement is sufficient to warrant the issuance of notice to members of the proposed Settlement Class. Upon reviewing the Settlement Agreement and the matter having come before the Court at the \_\_\_\_\_ hearing, due notice having been given and the Court having been fully advised in the premises, it is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. **Preliminary Certification of the Settlement Class.** In accordance with the Settlement Agreement, and pursuant to Rules 23(a) and (b)(1) of the Federal Rules of Civil Procedure, this Court hereby conditionally certifies the following class (“Settlement Class”):

All Persons (excluding Defendants and their Plan beneficiaries) who were participants in of beneficiaries of (including alternate payees) of the Plan at any time between April 17, 2007 to May 14, 2010, and whose Plan account included investments in the Fannie Mae Stock Fund during the Class Period.

2. Pursuant to the Settlement Agreement, and for settlement purposes only, the Court preliminarily finds that:

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<sup>1</sup> All italicized terms not otherwise defined in this Order shall have the same meaning as ascribed to them in the Settlement Agreement.

- (a) as required by FED. R. CIV. P. 23(a)(1), the Settlement Class is ascertainable from records kept with respect to the Plan and from other objective criteria, and the Settlement Class is so numerous that joinder of all members is impracticable.
- (b) as required by FED. R. CIV. P. 23(a)(2), there are one or more questions of law and/or fact common to the Settlement Class.
- (c) as required by FED. R. CIV. P. 23(a)(3), the claims of the Plaintiffs are typical of the claims of the Settlement Class that Plaintiffs seek to certify.
- (d) as required by FED. R. CIV. P. 23(a)(4), that the Plaintiffs will fairly and adequately protect the interests of the Settlement Class in that: (i) the interests of the Plaintiffs and the nature of the alleged claims are consistent with those of the Settlement Class Members; and (ii) there appear to be no conflicts between or among the Plaintiffs and the Settlement Class.
- (e) as required by FED. R. CIV. P. 23(b)(1), the prosecution of separate actions by individual members of the Settlement Class would create a risk of: (i) inconsistent or varying adjudications as to individual Settlement Class Members that would establish incompatible standards of conduct for the parties opposing the claims asserted in this Action; or (ii) adjudications as to individual Settlement Class Members that, as a practical matter, would be dispositive of the interests of the other members not parties to the individual adjudications, or substantially impair or impede the ability of such persons to protect their interests.

(f) as required by FED. R. CIV. P. 23(g), Co-Lead Class Counsel is capable of fairly and adequately representing the interests of the Settlement Class, and that Co-Lead Class Counsel: (i) have done appropriate work identifying or investigating potential claims in the Action; (ii) are experienced in handling class actions; and (iii) have committed the necessary resources to represent the Settlement Class.

3. The Court preliminarily appoints the Plaintiffs as the representatives for the Settlement Class and, consistent with the Court's May 15, 2009 Order, Harwood Feffer LLP and Kessler Topaz Meltzer & Check, LLP as Co-Lead Class Counsel for the Settlement Class.

4. **Preliminary Approval of Proposed Settlement.** The Settlement Agreement is hereby preliminarily approved as being within the range of fairness, reasonableness, and adequacy. This Court preliminarily finds that: (a) the proposed Settlement resulted from serious, informed, extensive and arm's-length negotiations with the assistance of an experienced mediator; (b) the Settlement Agreement was executed only after Co-Lead Class Counsel had conducted appropriate investigation and discovery regarding the strengths and weaknesses of Plaintiffs' claims; and (c) the proposed Settlement is in the best interest of Plaintiffs and the Settlement Class. The Court finds that those whose claims would be settled, compromised, dismissed, or released pursuant to the Settlement should be given notice and an opportunity to be heard regarding final approval of the Settlement and other matters.

5. **Final Approval Hearing.** A hearing is scheduled for \_\_\_\_\_ at \_\_\_\_\_ .m. to make a final determination, concerning among other things:

- Whether the Settlement merits final approval as fair, reasonable and adequate;

- Whether the Action should be dismissed with prejudice pursuant to the terms of the Settlement;
- Whether the notice method proposed by the Plaintiffs: (i) constitutes the best practicable notice; (ii) constitutes notice reasonably calculated, under the circumstances, to apprise Settlement Class Members of the pendency of the litigation, their right to object to the Settlement, and their right to appear at the Final Approval Hearing; (iii) is reasonable and constitutes due, adequate, and sufficient notice to all persons entitled to notice; and (iv) meets all applicable requirements of the Federal Rules of Civil Procedure and any other applicable law;
- Whether Co-Lead Class Counsel adequately represented the Settlement Class for purposes of entering into and implementing the Settlement;
- Whether the proposed Plan of Allocation should be approved; and
- Whether any application(s) for attorneys' fees and reimbursement of litigation expenses and Case Contribution Awards for the Plaintiffs is fair and reasonable and should be approved.

6. **Class Notice.** Plaintiffs have presented to the Court the proposed form of Class Notice, attached hereto as Exhibit 1 and a summary of the Class Notice in the form of a Publication Notice, attached hereto as Exhibit 2. The Court finds that both such forms of notice fairly and adequately: (a) describe the terms and effects of the Settlement Agreement, the Settlement, and the Plan of Allocation; (b) notify the Settlement Class that Co-Lead Class Counsel will seek attorneys' fees and reimbursement of litigation expenses from the Settlement Fund, payment of the costs of administering the Settlement out of the Settlement Fund, and for a

Case Contribution Award of \$5,000 each for Plaintiffs Mary P. Moore and David Gwyer for their services in such capacity, payment of which shall be effected by Fannie Mae; (c) give notice to the Settlement Class of the time and place of the Final Approval Hearing; and (d) describe how the recipients of the Class Notice may object to any of the relief requested. Plaintiffs have proposed the following manner of communicating the notice to members of the Settlement Class, and the Court finds that such proposed manner is the best notice practicable under the circumstances. Accordingly, the Court directs that Co-Lead Class Counsel shall:

- By no later than \_\_\_\_\_, cause the Class Notice, with such non-substantive modifications thereto as may be agreed upon by the Parties, to be provided by first-class mail, postage prepaid, to the last known address of each member of the Settlement Class who can be identified through reasonable effort.
- By no later than \_\_\_\_\_, cause the Class Notice to be published on the website identified in the Class Notice, which will also host and make available copies of all Settlement-related documents, including the Settlement Agreement.
- By no later than \_\_\_\_\_, cause the Publication Notice to be published in *The Washington Post* and *PR Newswire* one time each.

7. **CAFA Notice.** The form of notice and notice procedure proposed by Fannie Mae pursuant to the Class Action Fairness Act of 2005, 28 U.S.C. § 1715 (“CAFA Notice”) complies with the requirements of the Act and is hereby approved. Fannie Mae shall mail the CAFA Notice on or before \_\_\_\_\_.

8. **Petition for Attorneys’ Fees and Litigation Expenses and Case Contribution Awards.** Any petition by Co-Lead Class Counsel for attorneys’ fees, reimbursement of

litigation expenses and Case Contribution Awards to the Plaintiffs, and all briefs in support thereof, shall be filed no later than \_\_\_\_\_.

9. **Briefs in Support of Final Approval of the Settlement.** Briefs and other documents in support of Final Approval of the Settlement shall be filed no later than \_\_\_\_\_.

10. **Objections to Settlement.** The Court will consider objections to the fairness, reasonableness, or adequacy of the Settlement, to any term of the Settlement Agreement, to the Plan of Allocation, to the proposed award of attorneys' fees and expenses, or to the request for a Case Contribution Award for the Plaintiffs only if such objections are filed with the Court and served on the Parties as set forth herein. The Court will only consider objections that are timely filed with the Court and include the following: (a) the name of the Action; (b) the objecting Class member's full name, address, telephone number and signature (an attorney's signature is not sufficient); (c) a statement that the objector is a Class Member and/or an explanation of the basis upon which the objector claims to have standing; (d) all grounds for his, her, or its objection(s), accompanied by any legal support and/or evidence that the objector wishes to bring to the Court's attention or introduce in support of the objection(s); (e) a statement as to whether the objector (or their counsel) intend to personally appear at the Final Approval hearing; and (f) a list of persons that the objector plans to call to testify at the Final Approval hearing. The objector must also mail copies of the objection(s) and any supporting law and/or evidence to Co-Lead Class Counsel and to counsel for the Fannie Mae Parties listed below. The addresses for filing objections with the Court and serving objections on counsel are as follows:

For Filing:

Clerk of the Court  
United States District Court for the Southern District of New York  
Danie Patrick Moynihan United States Courthouse  
500 Pearl Street  
New York, NY 10007-1312

*In re: 2008 Fannie Mae ERISA Litigation*  
09-CV-01350-PAC, MDL No. 2013

To Co-Lead Class Counsel:

Robert I. Harwood  
Samuel K. Rosen  
HARWOOD FEFER LLP  
488 Madison Avenue  
8<sup>th</sup> Floor  
New York, NY 10022  
Telephone: (212) 935-7400  
Facsimile: (212) 753-3630

Edward W. Ciolko  
Mark K. Gyandoh  
KESSLER TOPAZ MELTZER & CHECK, LLP  
280 King of Prussia Road  
Radnor, Pennsylvania 19087  
Telephone: (610) 667-7706  
Facsimile: (610) 667-7056

To Fannie Mae and Fannie Mae Parties' Counsel:

Jeffrey W. Kilduff  
Shannon Barrett  
Michael J. Walsh, Jr.  
O'MELVENY & MYERS, LLP  
1625 Eye Street, NW  
Washington, D.C. 20006  
Telephone: (202) 383-5300  
Facsimile: (202) 383-5414

The objector or his, her, or its counsel (if any) must serve copies of the objection(s) (together with any supporting materials) on counsel listed above and file the objection(s) and

supporting materials with the Court no later than \_\_\_\_\_. If an objector hires an attorney to represent him, her, or it for the purposes of making an objection pursuant to this paragraph, the attorney must also serve a notice of appearance on counsel listed above and file it with the Court no later than \_\_\_\_\_. Any member of the Settlement Class or other Person who does not timely file and serve a written objection complying with the terms of this paragraph shall be deemed to have waived, and shall be foreclosed from raising, any objection to the Settlement, and any untimely objection shall be barred. Any responses to objections shall be filed with the Court and served on the objector or objector's counsel no later than \_\_\_\_\_. There shall be no reply briefs.

11. Any objector who does not timely file and serve a notice of intention to appear in accordance with paragraph 10 shall not be permitted to appear at the Final Approval Hearing, except for good cause shown.

12. **Notice Expenses.** The expenses of printing, mailing, and publishing of the Class Notice and Publication Notice required herein shall be paid from the Settlement Fund.

13. **Service of Objections On Opposing Counsel.** Fannie Mae Parties' counsel and Co-Lead Class Counsel shall promptly furnish each other with copies of any and all Objections to the Settlement that come into their possession.

14. **Termination of Settlement.** This Order shall become null and void, *ab initio*, and shall be without prejudice to the rights of the Parties, all of whom shall be restored to their respective positions as of April 16, 2015, the day immediately before the Parties reached agreement to settle the Action, if the Settlement is terminated in accordance with the terms of the Settlement Agreement.

15. **Use of Order.** This Order is not admissible as evidence for any purpose against Defendants in any pending or future litigation. This Order shall not be construed or used as an admission, concession, or declaration by or against Defendants of any finding of fiduciary status, fault, wrongdoing, breach, omission, mistake, or liability. This Order shall not be construed or used as an admission, concession, or declaration by or against Plaintiffs or the Settlement Class that their claims lack merit, or that the relief requested in the Action is inappropriate, improper, or unavailable. This Order shall not be construed or used as an admission, concession, declaration, or waiver by any Party of any arguments, defenses, or claims he, she, or it may have, including, but not limited to, any objections by Defendants to class certification, in the event that the Settlement Agreement is terminated. Moreover, the Settlement Agreement and any proceedings taken pursuant to the Settlement Agreement are for settlement purposes only. Neither the fact of, nor any provision contained in, the Settlement Agreement or its exhibits, nor any actions taken thereunder, shall be construed as, offered into evidence as, received in evidence as, and/or deemed to be evidence of a presumption, concession, or admission of any kind as to the truth of any fact alleged or validity of any claim or defense that has been, could have been, or in the future might be asserted.

16. **Jurisdiction.** The Court hereby retains jurisdiction for purposes of implementing the Settlement, and reserves the power to enter additional orders to effectuate the fair and orderly administration and consummation of the Settlement as may from time to time be appropriate, and to resolve any and all disputes arising thereunder.

17. **Continuance of Final Approval Hearing.** The Court reserves the right to continue the Final Approval Hearing without further written notice.

SO ORDERED this \_\_\_\_ day of \_\_\_\_\_, 2015.

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Hon. Paul A. Crotty  
United States District Judge

# **EXHIBIT A.1**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE: 2008 FANNIE MAE ERISA  
LITIGATION

09-CV-01350-PAC  
MDL No. 2013

**NOTICE OF CLASS ACTION SETTLEMENT**

**YOUR LEGAL RIGHTS MIGHT BE AFFECTED IF YOU ARE A MEMBER OF THE FOLLOWING SETTLEMENT CLASS:**

All Persons (excluding Defendants and their Plan beneficiaries) who were participants in or beneficiaries (including alternate payees) of the Federal National Mortgage Association Employee Stock Ownership Plan (the "Plan") at any time between April 7, 2007 and May 14, 2010 (the "Class Period"), and whose Plan accounts included investments in the Fannie Mae Stock Fund at any point during the Class Period.

**PLEASE READ THIS NOTICE CAREFULLY. A FEDERAL COURT AUTHORIZED THIS NOTICE. THIS IS NOT A SOLICITATION FROM A LAWYER. YOU HAVE NOT BEEN SUED.**

Judge Paul A. Crotty of the United States District Court for the Southern District of New York (the "Court") has preliminarily approved a proposed settlement (the "Settlement") of a class action lawsuit brought under the Employee Retirement Income Security Act of 1974 ("ERISA"). The Settlement will provide for payment to eligible members of the Settlement Class who had portions of their Plan accounts invested in the Federal National Mortgage Association ("Fannie Mae") stock fund ("Fannie Mae Stock Fund"). The terms of the Settlement are summarized below.

The Court has scheduled a hearing (the "Final Approval Hearing") to consider the Plaintiffs' motion for final approval of the settlement and Co-Lead Class Counsel's petition for attorneys' fees, reimbursement of litigation expenses, and for Case Contribution Awards to the two Plaintiffs. The Final Approval Hearing before U.S. District Judge Paul Crotty has been scheduled for \_\_\_\_\_ at \_\_\_\_\_m., in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, Courtroom \_\_\_\_, 500 Pearl Street, New York, NY 10007-1312, or such other courtroom as the Court may designate.

Any objections to the Settlement or the petition for attorneys' fees, reimbursement of expenses, or Case Contribution Awards to the Plaintiffs must be served in writing on Co-Lead Class Counsel and on Fannie Mae's attorneys, as identified on Page 7 of this Notice. The procedure for objecting is described below.

This notice contains summary information with respect to the Settlement. The complete terms and conditions of the Settlement are set forth in a Settlement Agreement and Release ("Settlement Agreement"). Capitalized terms used in this Notice, but not defined in this Notice, have the meanings assigned to them in the Settlement Agreement. The Settlement Agreement, and additional information with respect to this lawsuit and the Settlement is available at an Internet site dedicated to the Settlement, [www.XXXXXXXsettlement.com](http://www.XXXXXXXsettlement.com).

**PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY. IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS TO WHOM THIS NOTICE IS ADDRESSED, THE SETTLEMENT WILL AFFECT YOUR RIGHTS. YOU ARE NOT BEING SUED IN THIS MATTER. YOU DO NOT HAVE TO APPEAR IN COURT, AND YOU DO NOT HAVE TO HIRE AN ATTORNEY IN THIS MATTER. IF YOU ARE IN FAVOR OF THE SETTLEMENT, YOU NEED NOT DO ANYTHING. IF YOU WISH TO BE HEARD BY THE COURT, YOU MUST FOLLOW THE PROCEDURES DESCRIBED BELOW.**

<b>YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT</b>	
<b>YOU ARE NOT REQUIRED TO FILE A CLAIM IF YOU ARE ENTITLED TO A PAYMENT UNDER THE SETTLEMENT.</b>	If the Settlement is approved by the Court and you are a Settlement Class Member, you will not need to file a claim to receive a Settlement Amount if you are entitled to receive a payment under the Court-approved Plan of Allocation.
<b>HOW SETTLEMENT PAYMENTS WILL BE DISTRIBUTED.</b>	If you are a Settlement Class Member, any share of the Net Settlement Fund to which you are entitled will be paid to you by the Settlement Administrator by check.
<b>YOU MAY OBJECT TO THE SETTLEMENT BY _____.</b>	If you wish to comment or object to any part of the Settlement, you may (as discussed below) write to the Court and counsel about why you object to the Settlement.
<b>YOU MAY ATTEND THE FINAL APPROVAL HEARING TO BE HELD ON _____ AT _____.M.</b>	If you submit a written objection to the Court and counsel before the Court-approved deadline, you may (but do not have to) attend the Final Approval Hearing and make a presentation to the Court. You may attend the Final Approval Hearing even if you do not file a written objection, but you will only be allowed to speak at the Final Approval Hearing if you file a Notice of Intention To Appear, as described in the answer to Question 16 in this Class Notice.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court still has to decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and that approval is upheld in the event of any appeal.

Further information regarding this litigation and this Notice may be obtained by contacting Co-Lead Class Counsel:

Edward W. Ciolko  
 Mark K. Gyandoh  
 KESSLER TOPAZ  
 MELTZER & CHECK, LLP  
 280 King of Prussia Road  
 Radnor, PA 19087  
 Telephone: 610-667-7706  
 Facsimile: 610-667-7056

Robert I. Harwood  
 Samuel Rosen  
 HARWOOD FEFFER LLP  
 488 Madison Avenue, 8<sup>th</sup> Floor  
 New York, NY 10022  
 Telephone: 212-935-7400  
 Facsimile: 212-753-3630

Co-Lead Class Counsel has established a toll-free phone number to receive your comments and questions: xxx-xxx-xxxx. You may also send an email to: [info@hfesq.com](mailto:info@hfesq.com). You should contact Co-Lead Class Counsel with any questions regarding this Settlement, not the Court.

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**SUMMARY OF SETTLEMENT**

This litigation (the “Action”) is a class action in which Plaintiffs allege that the Defendants breached fiduciary duties owed to the participants in and beneficiaries of the Plan under ERISA arising from the Plan’s investments in the Fannie Mae Stock Fund during the Class Period. Copies of the latest version of the complaint, the Amended Consolidated Class Action Complaint For Violations of the Employee Retirement Income Security Act (the “Amended Complaint”), and other documents filed in the Action are available at [www.xxxxxxxxxx.com](http://www.xxxxxxxxxx.com) or from Co-Lead Class Counsel.

A Settlement Fund consisting of \$9,000,000.00 (Nine Million U.S. dollars) in cash (the “Settlement Amount”) is being established in the Action. The Settlement Amount will be deposited into an Escrow Account, and the Settlement Amount, together with any interest earned, will constitute the Settlement Fund. Payment of any taxes, expenses, Court-approved attorneys’ fees, litigation expenses, and payment of Case Contribution Awards to the Plaintiffs, and costs of administering the Settlement will be paid out of the Settlement Fund. After the payment of such fees, costs, and awards, the amount that remains will constitute the Net Settlement Fund. The Net Settlement Fund will be allocated to Settlement Class members according to a Plan of Allocation to be approved by the Court.

**STATEMENT OF POTENTIAL OUTCOME OF THE ACTION**

Defendants dispute the claims asserted in the Action. Further, Plaintiffs would face an uncertain outcome if the Action were to continue. Continued litigation could result in a judgment greater or less than \$9 million, or in no recovery at all.

The Parties disagree on liability and do not agree on the amount that would be recoverable even if Plaintiffs were to prevail at trial. Having considered the uncertainty and risks inherent in any litigation, particularly in a complex case such as this, the Plaintiffs and the Fannie Mae Parties have concluded that it is desirable that the Action be fully and finally settled on the terms and conditions set forth in the Settlement Agreement.

**STATEMENT OF ATTORNEYS' FEES AND COSTS SOUGHT IN THE ACTION**

Co-Lead Class Counsel will apply to the Court for an order awarding attorneys' fees not to exceed thirty-three and one third percent (33 1/3%) of the Settlement Amount, plus reimbursement of expenses. Any amount awarded will be paid from the Settlement Fund.

**WHAT WILL THE PLAINTIFFS GET?**

The Plaintiffs will share in the allocation of the Net Settlement Fund on the same basis as all other members of the Settlement Class. In addition, Co-Lead Class Counsel will ask the Court to award \$5,000 to each of the Plaintiffs as Case Contribution Awards in recognition of their participation in the Action and representation of the Settlement Class. Any such awards will be paid separately and in addition to the Settlement Fund.

**BASIC INFORMATION**

**1. WHY DID I GET THIS CLASS NOTICE?**

You or someone in your family may have been a participant in or a beneficiary of the Plan during **the period from April 7, 2007 to May 14, 2010**, during which time the Plan account included an investment in the Fannie Mae Stock Fund.

The Court directed that this Class Notice be sent to you because if you fall within the definition of the Settlement Class, you have a right to know about the Settlement and the options available to you regarding the Settlement before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, the Net Settlement Fund will be allocated among Settlement Class members according to a Court-approved Plan of Allocation. This Class Notice describes the Action, the Settlement, your legal rights, what benefits are available, and who is eligible to get them.

The Court in charge of this Action is the United States District Court for the Southern District of New York. The persons who sued on behalf of themselves and the Plan are called the "Plaintiffs," and the people they sued are called "Defendants." The Plaintiffs are Mary P. Moore and David Gwyer. The Defendants are Daniel H. Mudd, Stephen B. Ashley, David C. Benson, Dennis R. Beresford, Brian Cobb, Louis J. Freeh, Brenda J. Gaines, David C. Hisey, Bridget A. Macaskill, Anthony F. Marra, Brian P. McQuaid, Greg C. Smith, Elizabeth Thompson, and Christine A. Wolf. The Action is known as *In re 2008 Fannie Mae ERISA Litig.*, No. 09-cv-01350-PAC, MDL No. 2013 (S.D.N.Y.). The "Fannie Mae Parties" are Stephen B. Ashley, David C. Benson, Dennis R. Beresford, Brian Cobb, Louis J. Freeh, Brenda J. Gaines, David C. Hisey, Bridget A. Macaskill, Anthony F. Marra, Brian P. McQuaid, Greg C. Smith, Elizabeth Thompson, and Christine A. Wolf

**2. WHAT IS THE ACTION ABOUT?**

The Action claims that under ERISA, Defendants owed fiduciary duties of loyalty, care, and prudence to the Plan and that they violated those duties in connection with the Plan's offering of and investment in the Fannie Mae Stock Fund.

Plaintiffs allege that Defendants violated ERISA by, among other things, permitting the Plan to hold shares of Fannie Mae Stock during the Class Period when they knew or should have known it was imprudent to do so. Plaintiffs allege that Defendants knew or should have known that such investment was imprudent because, as explained in more detail in the Amended Complaint, among other things:

- Tremendous exposure to losses as the U.S. housing and mortgage markets deteriorated due to Fannie Mae's exposure to the risky subprime and Alt-A markets;
- Inadequate management and monitoring of Fannie Mae's level of risk with respect to its capitalization;
- Ignorance of internal and external warnings regarding Fannie Mae's business model and viability;
- Misrepresentations regarding Fannie Mae's financial health;
- Projecting the appearance of using sound risk management practices, while making false and misleading statements about Fannie Mae's risks, exposures, and risk management practices; and
- as a consequence of the above, the Plan's significant investment of employees' retirement savings in Fannie Mae Stock would inevitably result in significant losses to the Plan and, consequently, to the Plan's participants.

**THE DEFENSES IN THE ACTION**

Defendants deny all of the claims made in this Action including that allowing the Plan to hold Fannie Mae Stock was imprudent or that they have liability to the Plan or its participants or beneficiaries. If the Action were to continue, Defendants would raise numerous defenses to liability, including:

- Defendants did not engage in any of the allegedly improper conduct charged in the Amended Complaint;
- Defendants were not fiduciaries of the Plan, or if they were fiduciaries, their fiduciary duties did not extend to the matters at issue in the Action;
- Fannie Mae Stock and the corresponding Fund was at all times a prudent investment for the Plan and its participants;
- To the extent that they were fiduciaries as to the matters at issue in the Action, Defendants fully and prudently discharged all of their fiduciary duties under ERISA; and
- Even if a court were to determine that Defendants failed to discharge any duty under ERISA, any such breach of fiduciary duty did not cause the Plan or its participants to suffer any loss.

**THE ACTION HAS BEEN AGGRESSIVELY LITIGATED**

Co-Lead Class Counsel have extensively investigated the allegations in the Action. Co-Lead Class Counsel obtained and reviewed tens of thousands of pages of documents, including Plan-governing documents and materials, communications with Plan participants, Securities and Exchange Commission filings, press releases, public statements, news articles and other publications, and other documents regarding the matters that the Plaintiffs allege made the Fannie Mae Stock Fund an imprudent Plan investment. Additionally, Co-Lead Class Counsel reviewed, analyzed or participated in depositions of key witnesses in a related securities class action, *In Re Fannie Mae 2008 Securities Litigation*, No. 08-cv-07831-PAC whom they believed to have knowledge of information pertinent to the Action.

This Action was litigated by the Plaintiffs and Co-Lead Class Counsel for nearly six years before the Parties agreed on settlement terms. The initial complaint in this matter was filed against Defendants on October 23, 2008 by Plaintiff Mary P. Moore. On November 25, 2008 by Plaintiff David Gwyer also filed a complaint for violation of ERISA. On February 13, 2009, the Action was transferred from the United States District Court for the District of Columbia to the Southern District of New York. On May 14, 2009, the Court entered Pretrial Order No. 1 Consolidating the ERISA Action and Appointing Interim Co-Lead Counsel. Among other things, the Court consolidated the actions and appointed Harwood Feffer LLP and Kessler Topaz Meltzer & Check, LLP to act as interim Co-Lead Counsel for Plaintiffs and the Class.

On September 11, 2009, Plaintiffs filed a Consolidated Class Action Complaint. On November 2, 2009, Defendants filed Motions to Dismiss the Consolidated Complaint, which Plaintiffs opposed on January 15, 2010. The motions were terminated on or about February 1, 2012 as moot.

On March 2, 2012, Plaintiffs filed an Amended Complaint, which is the operative complaint in this Action. On April 4, 2012, Defendants filed Motions to Dismiss the Amended Complaint, which Plaintiffs opposed on May 21, 2012. On October 22, 2012, Judge Crotty entered an Order granting in part and denying in part Defendants' Motions to Dismiss the Amended Complaint. Following entry of that Order, Defendants filed their Answer to the Amended Complaint on December 10, 2012. On September 23, 2013, Defendants filed a motion for reconsideration, asking the Court to reconsider the October 22, 2012 motion to dismiss decision in light of new Second Circuit authority. Judge Crotty denied Defendants' motion for reconsideration on April 21, 2014.

**SETTLEMENT DISCUSSIONS**

The proposed Settlement is the product of hard-fought, lengthy negotiations between Co-Lead Class Counsel and the Fannie Mae Parties' counsel. On July 24, 2013 and July 30, 2014, the Parties mediated before an independent mediator. Following arm's-length negotiations, the mediation sessions and continuing negotiations, Plaintiffs and the Fannie Mae Parties, through their respective attorneys, reached an agreement to settle the Action on October 31, 2014, subject to the execution of definitive settlement documentation. Throughout the negotiations, Co-Lead Class Counsel were advised by various consultants and experts, including individuals with expertise in ERISA fiduciary liability issues and damages in cases involving ERISA fiduciary liability.

**3. WHY IS THIS CASE A CLASS ACTION?**

In a class action, one or more plaintiffs, called "class representatives" or "plaintiffs," sue on behalf of people who have similar claims. All of these people who have similar claims collectively make up the "class" and are referred to individually as "class members." One case resolves the issues for all class members together. Because the wrongful conduct alleged in this Action is claimed to have affected a large group of people — participants in the Plan during the Class Period — in a similar way, the Plaintiffs filed this case as a class action.

**4. WHY IS THERE A SETTLEMENT?**

As in any litigation, all parties face an uncertain outcome. On the one hand, continuation of the case against Defendants could result in a judgment greater than this Settlement. On the other hand, continuing the case could result in no recovery at all or in a recovery that is less than the amount of the Settlement. Based on these factors, the Plaintiffs and Co-Lead Class Counsel have concluded that the proposed Settlement is in the best interests of all Settlement Class Members.

**5. HOW DO I KNOW WHETHER I AM PART OF THE SETTLEMENT?**

You are a member of the Settlement Class if you fall within the definition of the Settlement Class preliminarily approved by Judge Paul A. Crotty:

All Persons (excluding Defendants and their Plan beneficiaries) who were participants in or beneficiaries (including alternate payees) of the Plan at any time between April 17, 2007 and May 14, 2010, and whose Plan accounts included investments in the Fannie Mae Stock Fund during the Class Period.

If you are a member of the Settlement Class, the amount of money you will receive, if any, will depend upon the Plan of Allocation, described below.

**THE SETTLEMENT BENEFITS—WHAT YOU GET**

**6. WHAT DOES THE SETTLEMENT PROVIDE?**

A Settlement Fund consisting of \$9,000,000 is being established in the Action. The amount of money that will be allocated among members of the Settlement Class, after the payment of any taxes and Court-approved costs, and costs associated with administering the Settlement is called the Net Settlement Fund. The amount of the Net Settlement Fund will not be known until these amounts are quantified and deducted. The Net Settlement Fund will be allocated to members of the Settlement Class according to a Plan of Allocation to be approved by the Court. The Plan of Allocation describes how Settlement payments will be distributed to Settlement Class Members who receive a payment. There is a chance that not every member of the Settlement Class will receive a Settlement payment.

If the Settlement is granted final approval by the Court, all Settlement Class Members and anyone claiming through them shall be deemed to fully release Plaintiffs' Released Persons from Plaintiffs' Released Claims. The Plaintiffs' Released Persons include (a) Fannie Mae and its parents, Affiliates, subsidiaries, predecessors, Successors-In-Interest, assigns, and past or present directors, officers, controlling persons, attorneys, counselors, insurers, reinsurers, financial or investment advisors, consultants, accountants, representatives or agents, including but not limited to Fannie Mae's Benefit Plans Committee ("BPC"), and the Compensation Committee of Fannie Mae's Board of Directors but except Daniel H. Mudd; (b) the Federal Housing Finance Agency ("FHFA") as Fannie Mae's Conservator; and (c) each of the other Fannie Mae Parties and their heirs, executors, trustees, personal representatives, estates or administrators, attorneys, counselors, insurers, reinsurers, financial or investment advisors, consultants, accountants, advisors, representatives or agents. The Released Claims are defined in the Settlement Agreement and include all claims that were or could have been asserted in the Action. This means that Settlement Class Members will not have the right to sue Plaintiffs' Released Persons for anything related to the investment of Plan assets in Fannie Mae Stock or related matters during the Class Period.

The above description of the proposed Settlement is only a summary. The complete terms, including the definitions of Plaintiffs' Released Persons and Plaintiffs' Released Claims, are set forth in the Settlement Agreement (including its exhibits), which may be obtained at [www.XXXXXXXXXXXXXX.com](http://www.XXXXXXXXXXXXXX.com) or by contacting Co-Lead Class Counsel listed on Page 2 above.

#### 7. HOW MUCH WILL MY PAYMENT BE?

Your share (if any) of the Net Settlement Fund will depend on your alleged loss, compared to other Settlement Class Members' alleged losses, related to Plan investments in the Fannie Mae Stock Fund during the period from April 17, 2007 to May 14, 2010. Each Settlement Class Member's share will be calculated by a third-party Settlement Administrator designated by Co-Lead Class Counsel in accordance with a Court-approved Plan of Allocation. Because the Settlement Amount and Net Settlement Fund are less than the total losses alleged by the Settlement Class, each Settlement Class Member's portion of the Settlement Amount will be less than his or her alleged loss on his or her investment in the Fannie Mae Stock Fund. You are not required to calculate the amount you may be entitled to receive under the Settlement.

In general, your proportionate share of the Settlement will be calculated as follows: For each Settlement Class Member, the Settlement Administrator shall determine his or her approximate alleged net loss ("Net Loss").  $Net\ Loss = A + B - C - D$ , where for each Settlement Class Member's Plan account:

- For each Settlement Class member, his or her Net Loss will be equal to: (A) the dollar value, if any, of his or her account balance invested in the Fannie Mae Stock Fund on the first day of the Class Period (April 17, 2007); plus (B) the dollar value, if any, of all contributions or purchases of interests in the Fannie Mae Stock Fund for his or her account during the Class Period, as of the time of the contribution(s) or purchase(s); minus (C) the dollar value, if any, of all dispositions of interests in Fannie Mae Stock in his or her account during the Class Period, as of the time of the sale(s); minus (D) the dollar value, if any, of the balance in Fannie Mae Stock Fund remaining in his or her account on the close of the market on the last day of the Class Period (May 14, 2010), or if a Settlement Class Member terminated his or her participation in the Plan before the end of the Class Period, the last day the Settlement Class Member was invested in the Company Stock Fund.
- All Net Losses will be aggregated to yield the total loss over the Class Period and each Class Member's percentage of that total loss will be calculated.
- Applying that percentage to the Net Settlement Fund, the Settlement Administrator will calculate each Class Member's share of those proceeds on a preliminary basis.
- All participants whose preliminary share is less than or equal to \$50.00 (50 dollars) will be deemed to have a final share equal to \$0. The Settlement Administrator will then recalculate the Net Loss percentage of those Class Members whose preliminary share was greater than \$50.00, so as to arrive at each such Class Member's final share.

**You will not be required to produce records that show your Plan activity.** If you are entitled to a share of the Settlement Fund, your share of the Settlement will be determined based on records for your account. If you have questions regarding the allocation of the Settlement proceeds, please contact Co-Lead Class Counsel listed on Page 2 above.

#### 8. HOW MAY I RECEIVE A PAYMENT?

If you are a Settlement Class Member, then a check will be mailed to you pursuant to the Plan of Allocation. If you need to update your address, please call the toll free number below.

There will be no payments if the Settlement Agreement is terminated.

The Settlement Agreement may be terminated for several reasons, including if (1) the Court does not approve, or materially modifies the Settlement Agreement, or (2) the Court approves the Settlement Agreement but the approval is reversed or materially modified by an appellate court.

**9. CAN I GET OUT OF THE SETTLEMENT?**

**You do not have the right to exclude yourself from the Settlement.** The Settlement Agreement provides for certification of the Settlement Class as a non-opt-out class action under Federal Rule of Civil Procedure 23(b)(1), and the Court has preliminarily determined that the requirements of that rule have been satisfied. Thus, it is not possible for any Settlement Class Members to exclude themselves from the Settlement. As a Settlement Class Member, you will be bound by any judgments or orders that are entered in the Action for all claims that were or could have been asserted in the Action or are otherwise released under the Settlement.

Although you cannot opt out of the Settlement, you can object to the Settlement and ask the Court not to approve it. For more information on how to object to the Settlement, see the answer to Question 12 below.

**THE LAWYERS REPRESENTING YOU**

**10. DO I HAVE A LAWYER IN THE CASE?**

The Court has preliminarily appointed the law firms of Harwood Feffer LLP and Kessler Topaz Meltzer & Check, LLP as Co-Lead Class for the Plaintiffs and the Settlement Class in this Action. You will not be charged directly by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

**11. HOW WILL THE LAWYERS BE PAID?**

Co-Lead Class Counsel will file a motion for the award of attorneys' fees of not more than one-third (33 1/3%) of the Settlement Amount, plus reimbursement of litigation expenses incurred in connection with the prosecution of the Action. This motion will be considered at the Final Approval Hearing described below. Defendants do not have any position on that matter before the Court.

By following the procedures described in the answer to Question 12, you can tell the Court that you do not agree with the request for fees and expenses by Plaintiffs' attorneys.

**12. HOW DO I TELL THE COURT IF I DO NOT LIKE THE SETTLEMENT?**

If you are a Settlement Class Member, you can comment on or object to the Settlement if you do not like any part of it. To comment or object, you must send a letter or other writing signed by you saying that you object to the Settlement in *In re 2008 Fannie Mae ERISA Litig.*, No. 09-cv-01350-PAC, MDL No. 2013. Be sure to include your name, address, telephone number, signature, and a full explanation of all the reasons why you object to the Settlement. **Your written objection must be received by the following counsel no later than \_\_\_\_\_.**

<p><b>CO-LEAD CLASS COUNSEL</b></p> <p>Robert I. Harwood                  Samuel Rosen                  Daniella Quitt                  HARWOOD FEFFER LLP                  488 Madison Avenue                  8<sup>th</sup> Floor                  New York, NY 10022                  Telephone: 212-935-7400                  Facsimile: 212-753-3630</p>	<p><b>CO-LEAD CLASS COUNSEL</b></p> <p>Edward W. Ciolko                  Mark K. Gyandoh                  KESSLER TOPAZ MELTZER &amp; CHECK, LLP                  280 King of Prussia Road                  Radnor, PA 19087                  Telephone: 610-667-7706                  Facsimile: 610-667-7056</p>	<p><b>FANNIE MAE AND FANNIE MAE PARTIES' COUNSEL</b></p> <p>Jeffrey W. Kilduff                  Shannon Barrett                  Michael J. Walsh, Jr.                  O'MELVENY &amp; MYERS, LLP                  1625 Eye Street, NW                  Washington, D.C. 20006                  Telephone: 202-383-5300                  Facsimile: 202-383-5414</p>
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**You must also file your objection with the Clerk of the Court of the United States District Court for the Southern District of New York such that it is received no later than \_\_\_\_\_.** The address is:

Clerk of the Court  
 United States District Court for the Southern District of New York  
 Daniel Patrick Moynihan United States Courthouse  
 500 Pearl Street  
 New York, NY 10007

The objection must refer prominently to *In re 2008 Fannie Mae ERISA Litig.*, No. 09-cv-01350-PAC, MDL No. 2013.

**THE FINAL APPROVAL HEARING**

QUESTIONS? VISIT WWW.XXXXXXXX.COM OR CALL TOLL-FREE XXX-XXX-XXXX  
**DO NOT CONTACT THE COURT OR FANNIE MAE WITH YOUR QUESTIONS.**

The Court will hold a Final Approval Hearing to decide whether to approve the Settlement as fair, reasonable, and adequate. You may attend the Final Approval Hearing, and you may ask to speak, but you do not have to attend. **It is your obligation to ensure that your written objection is received by counsel and filed with the Court by no later than \_\_\_\_\_.**

**13. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?**

The Court will hold the Final Approval Hearing at \_\_\_\_\_ .m. on \_\_\_\_\_, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, Courtroom \_\_\_\_\_, 500 Pearl Street, New York, NY 10007-1312, or such other courtroom as the Court may designate. **The Court may change the Final Approval Hearing without further notice to the Settlement Class, so if you wish to attend, you should confirm the date and time of the Final Approval Hearing with Class Counsel before doing so.** At that hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also rule on the motions for attorneys' fees and reimbursement of litigation expenses and for Case Contribution Awards for the Plaintiffs. The Parties do not know how long these decisions will take or whether appeals will be taken.

**14. DO I HAVE TO COME TO THE HEARING?**

No, but you are welcome to come at your own expense. If you file an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, it will be before the Court when the Court considers whether to approve the Settlement. You also may pay your own lawyer to attend the Final Approval Hearing, but such attendance is also not necessary.

**15. MAY I SPEAK AT THE HEARING?**

If you submit a written objection to the Settlement to the Court and counsel before the Court-approved deadline, you may (but do not have to) attend the Final Approval Hearing and present your objections to the Court if you have stated your intention to appear. You may attend the Final Approval Hearing even if you do not file a written objection, but, you will only be allowed to speak at the Final Approval Hearing if you filed a timely and valid objection in advance of the Final Approval Hearing AND if you file a Notice of Intention To Appear. To do so, you must file with the Court a letter or other paper called a "Notice of Intention To Appear at Final Approval Hearing in *In re Fannie Mae 2008 ERISA Litig.*, No. 09-cv-01350-PAC, MDL No. 2013." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention To Appear must be received by the attorneys listed in the answer to Question 12 above, no later than \_\_\_\_\_, and must be filed with the Clerk of the Court at the address listed in the answer to Question 12.

**IF YOU DO NOTHING**

**16. WHAT HAPPENS IF I DO NOTHING AT ALL?**

If you do nothing and you are a Settlement Class Member, you will participate in the Settlement of the Action as described above in this Class Notice.

**GETTING MORE INFORMATION**

**17. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?**

Yes. This Class Notice summarizes the proposed Settlement. The complete terms are set forth in the Settlement Agreement. You may obtain a copy of the Settlement Agreement by making a written request to Co-Lead Class Counsel listed on Page 2 above. Copies may also be obtained at [www.XXXXXXXXXX.com](http://www.XXXXXXXXXX.com), or by calling the toll-free number, XXX-XXX-XXXX. You are encouraged to read the complete Settlement Agreement.

DATED: \_\_\_\_\_

**DO NOT CONTACT THE COURT, THE CLERK'S OFFICE, FANNIE MAE, OR DEFENDANTS REGARDING THIS NOTICE. THEY WILL NOT BE ABLE TO ANSWER YOUR QUESTIONS.**

# **EXHIBIT A.2**

IN RE: 2008 FANNIE MAE ERISA  
LITIGATION

09-CV-01350-PAC  
MDL No. 2013

**NOTICE BY PUBLICATION OF PROPOSED  
CLASS ACTION SETTLEMENT AND SETTLEMENT HEARING**

**TO: ALL PERSONS (EXCLUDING DEFENDANTS AND THEIR PLAN BENEFICIARIES) WHO WERE PARTICIPANTS IN OR BENEFICIARIES (INCLUDING ALTERNATE PAYEES) OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION EMPLOYEE STOCK OWNERSHIP PLAN (THE "PLAN") AT ANY TIME BETWEEN APRIL 7, 2007 AND MAY 14, 2010 (THE "CLASS PERIOD"), AND WHOSE ACCOUNTS INCLUDED INVESTMENTS IN THE FANNIE MAE STOCK FUND AT ANY POINT DURING THE CLASS PERIOD.**

PLEASE READ THIS NOTICE CAREFULLY. A FEDERAL COURT AUTHORIZED THIS NOTICE. THIS IS NOT A SOLICITATION. YOU ARE NOT BEING SUED.

A Settlement has been preliminarily approved by a Federal Court in a class action lawsuit against certain current and former officers and directors of the Federal National Mortgage Association ("Fannie Mae"), alleging breaches of fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA"). The lawsuit is referred to herein as the "Action." This Settlement will provide for a Settlement Payment of \$9,000,000 (Nine Million U.S. dollars), minus Court-approved attorneys' fees and expenses and costs of administering the Settlement. Any Case Contribution Awards to the Plaintiffs will be paid separately and in addition to the Settlement Fund. The Settlement will be allocated to Plan participants who were invested in the Fannie Mae Stock Fund during the Class Period pursuant to the Court-approved Plan of Allocation.

A final approval hearing (the "Final Approval Hearing") will be held on \_\_\_\_\_, before the Honorable Paul A. Crotty, United States District Court Judge, Courtroom \_\_\_\_, to determine, among other things: (1) whether the proposed \$9 million Settlement should be granted final approval; (2) whether the proposed Plan of Allocation is fair, reasonable, and adequate; (3) whether Co-Lead Class Counsel's request for an award of attorneys' fees, reimbursement of litigation expenses and for Case Contribution Awards to the Plaintiffs relating to their representation of the Settlement Class should be approved; (4) whether the Action and the claims of the members of the Settlement Class against Defendants should be dismissed and (5) finding that there is no just reason for delay of enforcement or appeal of the Order as set forth in the Settlement Agreement and Release (the "Settlement Agreement") filed with the Court.

If you are a member of the Settlement Class as defined above, your rights may be affected by the proposed Settlement and release of Parties and claims, as set forth in the Settlement Agreement. The Defendants and their Plan beneficiaries are excluded from the Settlement.

Although you cannot exclude yourself from the Settlement, you may object to all or part of the Settlement in accordance with the Notice. Any objection to the Settlement, must be in writing and filed with the clerk of the Court and served upon each of the following law firms **no later than** \_\_\_\_\_, at the addresses listed below:

<p><b>CLERK</b> Clerk of the Court United States District Court for the Southern District of New York 500 Pearl Street New York, NY 10007</p>	<p><b>CO-LEAD CLASS COUNSEL</b> Robert I. Harwood Samuel K. Rosen HARWOOD FEFFER LLP 488 Madison Avenue, 8<sup>th</sup> Floor New York, NY 10022</p>	<p><b>CO-LEAD CLASS COUNSEL</b> Edward W. Ciolko Mark K. Gyandoh KESSLER TOPAZ MELTZER &amp; CHECK, LLP 280 King of Prussia Road Radnor, PA 19087</p>	<p><b>FANNIE MAE AND FANNIE MAE PARTIES' COUNSEL</b> Jeffrey W. Kilduff Shannon Barrett Michael J. Walsh, Jr. O'MELVENY &amp; MYERS LLP 1625 Eye Street, NW Washington, D.C. 20006</p>
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If the Settlement is approved by the Court and you are entitled to receive a payment under the Settlement Agreement, you will receive your recovery without having to file a claim.

If you are a member of the Settlement Class and have not yet received a Class Notice, or if you want more information regarding anything in this Publication Notice, you may obtain such information by visiting [www.FannieMaeERISAsettlement.com], calling toll-free XXX-XXX-XXXX, by writing to Co-Lead Class Counsel listed above, or sending an email to info@hfesq.com.

**DO NOT CONTACT THE COURT, THE CLERK'S OFFICE, FANNIE MAE, OR DEFENDANTS REGARDING THIS NOTICE. THEY WILL NOT BE ABLE TO ANSWER YOUR QUESTIONS.**

DATED: \_\_\_\_\_ By Order of the United States District Court, Southern District of New York

# **EXHIBIT B**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

IN RE: 2008 FANNIE MAE ERISA  
LITIGATION

09-CV-01350- PAC  
MDL No. 2013

**FINAL APPROVAL ORDER AND JUDGMENT**

This Action came for hearing on \_\_\_\_\_ to determine the fairness of the proposed settlement (the “Settlement”) presented to the Court and the subject of this Court’s Order Granting Preliminary Approval of Class Action Settlement, Preliminarily Certifying Class for Settlement Purposes, Approving Form and Manner of Class Notice, and Scheduling of a Final Approval Hearing. Due notice having been given and the Court having been fully advised in the premises,

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:**

Except as otherwise defined herein, all capitalized and/or italicized terms used in this Final Approval Order and Judgment shall have the same meanings as ascribed to them in the Settlement Agreement And Release (“Settlement Agreement”) executed by Plaintiffs and the Fannie Mae Parties.

1. The Court has jurisdiction over the subject matter of the Action and over all Parties to the Action, including all members of the Settlement Class.

2. In accordance with the Settlement Agreement, and pursuant to Rules 23(a) and (b)(1) of the Federal Rules of Civil Procedure, this Court hereby conditionally certifies the following class (“Settlement Class”):

All Persons (excluding Defendants and their Plan beneficiaries)  
who were participants in or beneficiaries of (including alternate

payees) of the Plan at any time between April 17, 2007 to May 14, 2010, and whose Plan account included investments in the Fannie Mae Stock Fund during the Class Period.

(a) Accordingly, the Court, in conducting the settlement approval process required by FED. R. CIV. P. 23, certifies solely for purposes of settlement the class set forth in this section 2 under FED. R. CIV. P. 23(b)(1) (the “Settlement Class”).

(b) Consistent with the Court’s May 15, 2009 Order, the Court hereby appoints Harwood Feffer LLP and Kessler Topaz Meltzer & Check, LLP as Co-Lead Class Counsel for the Settlement Class.

(c) Further, the Court hereby appoints Plaintiffs Mary P. Moore and David Gwyer class representatives for the Settlement Class.

3. The Court hereby approves the Settlement Agreement and Orders that the Settlement Agreement shall be consummated and implemented in accordance with its terms and conditions.

4. The Court finds that the Settlement embodied in the Settlement Agreement is fair, reasonable and adequate, and more particularly finds:

(a) The Settlement was negotiated vigorously and at arm’s-length by counsel for the Fannie Mae Parties, on the one hand, and the Plaintiffs and Co-Lead Class Counsel on behalf of the Class, on the other hand;

(b) This Action settled after Defendants’ motions to dismiss and motion to reconsider were decided by the Court. The Settlement was reached following arm’s-length negotiations by counsel under the auspices of the Mediator, all of whom were thoroughly familiar with this litigation. Plaintiffs and the Fannie Mae Parties had sufficient information to evaluate the settlement value of the Action;

(c) If the Settlement had not been achieved, Plaintiffs and the Fannie Mae Parties faced the expense, risk, and uncertainty of extended litigation;

(d) The amount of the Settlement is fair, reasonable, and adequate. The Settlement Amount is within the range of settlement values obtained in similar cases;

(e) At all times, the Plaintiffs have acted independently of Defendants and in the interest of the Settlement Class; and,

(f) The Court has duly considered and denied any any filed objection(s) to the Settlement.

5. The Plan of Allocation is approved as fair and reasonable. Co-Lead Class Counsel shall direct distribution of the Net Settlement Fund in accordance with the Plan of Allocation and the Settlement Agreement.

6. The Court has approved the following releases as set forth in Sections 1.23, 1.37, 3.1, and 3.2 of the Settlement Agreement:

(a) **Fannie Mae Parties' Released Claims.** "Fannie Mae Parties' Released Claims" are any potential or asserted Claims or demands against the Plaintiffs, Co-Lead Class Counsel, or the Settlement Class Members by the Fannie Mae Parties that arise from the institution or prosecution of this Action or relating to the settlement of any of Plaintiffs' Released Claims.

(b) **Plaintiffs' Released Claims.** "Plaintiffs' Released Claims" are any and all Claims of any nature whatsoever, whether individual, representative, or derivative, known or unknown, accrued or unaccrued, by or on behalf of the Plan, the Plaintiffs and the Settlement Class, including respective heirs, beneficiaries, executors, administrators, Successors-In-Interest and assigns that: (a) were brought or could have been brought in

the Action and arise out of the same or substantially similar facts, circumstances, situations, transactions or occurrences as those alleged in the Action during the Class Period; (b) were brought or could have been brought under ERISA based on or relating to the investment of Plan assets in the Fannie Mae Stock Fund by or through the Plan during the Class Period; and/or (c) are related to the prosecution, defense or settlement of the Action. Notwithstanding any other provision of this Settlement Agreement, Plaintiffs and members of the Settlement Class shall not be deemed to have barred, waived, or released any Claim by any individual Plan participant concerning his or her eligibility for benefits under the Plan or to contest the correct amount of such benefit except to the extent that such claim may relate to the Claims asserted in the Amended Complaint.

(c) **Plaintiffs' and the Settlement Class' Releases.** Upon the Effective Date, the Plaintiffs (or their Successors) and the Settlement Class shall conclusively, absolutely, unconditionally, irrevocably, and forever release and discharge, Plaintiffs' Released Persons from all of Plaintiffs' Released Claims.

(d) **Fannie Mae Parties' Releases.** Upon the Effective Date, Fannie Mae Parties shall conclusively, absolutely, unconditionally, irrevocably, and forever release and discharge Fannie Mae Parties' Released Persons from all of Fannie Mae Parties' Released Claims.

(e) **Scope of Releases.** The releases set forth in this section shall not include the release of any rights or duties of the parties arising out of the Settlement Agreement, including the express warranties and covenants contained therein, except as expressly provided in the Settlement Agreement.

7. The Action is hereby dismissed with prejudice, each party to bear his, her, or its own costs, except as expressly provided herein.

8. The Court shall retain exclusive jurisdiction to resolve any disputes or challenges that may arise as to the performance of the Settlement Agreement or any challenges as to the performance, validity, interpretation, administration, enforcement, or enforceability of the Class Notice, Plan of Allocation, this Final Approval Order and Judgment, the Settlement Agreement, or the termination of the Settlement Agreement.

9. Co-Lead Counsel are hereby awarded attorneys' fees of \_\_\_\_\_ and reimbursement of expenses in the amount of \_\_\_\_\_. Such awards may be distributed to Co-Lead Counsel in accordance with the Settlement Agreement.

10. The Plaintiffs are hereby awarded Case Contribution Awards in the amount of \$\_\_\_\_\_, which shall be paid pursuant to the Settlement Agreement.

8. In the event that the Settlement Agreement is terminated, in accordance with its terms, this Final Approval Order and Judgment shall be rendered null and void, *ab initio*, and shall be vacated nunc pro tunc, and this Action shall for all purposes with respect to the Parties revert to its status as of the day immediately before \_\_\_\_\_, the day the agreement was reached. The Parties shall be afforded a reasonable opportunity to negotiate a new case management schedule.

9. This Final Approval Order and Judgment shall not be construed or used as an admission, concession, or declaration of any fault, wrongdoing, breach or liability. This Final Approval Order and Judgment is not admissible as evidence for any purpose against Defendants in any pending or future litigation involving any of the Parties. This Final Approval Order and Judgment shall not be construed or used as an admission, concession, or declaration by or against

Defendants of any fault, wrongdoing, breach, or liability and Defendants specifically deny any such fault, breach, liability or wrongdoing. This Final Approval Order and Judgment shall not be construed or used as an admission, concession, or declaration by or against Plaintiffs or the Settlement Class that their claims lack merit or that the relief requested in the Action is inappropriate, improper or unavailable. This Final Approval Order and Judgment shall not be construed or used as an admission, concession, declaration or waiver by any Party of any arguments, defenses, or claims he, she, or it may have in the event that the Settlement Agreement is terminated. Moreover, the Settlement Agreement and any proceedings taken pursuant to the Settlement Agreement are for settlement purposes only. Neither the fact of, nor any provision contained in the Settlement Agreement or its exhibits, nor any actions taken thereunder shall be construed as, offered into evidence as, received in evidence as, and/or deemed to be evidence of a presumption, concession, or admission of any kind as to the truth of any fact alleged or validity of any defense that has been, could have been, or in the future might be asserted.

IT IS SO ORDERED.

DATED: \_\_\_\_\_, 2015

\_\_\_\_\_  
Hon. Paul A. Crotty  
United States District Judge

# **EXHIBIT C**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE: 2008 FANNIE MAE ERISA  
LITIGATION

09-CV-01350-PAC  
MDL No. 2013

**PLAN OF ALLOCATION**

**I. DEFINITIONS.**

Except as indicated in this Plan of Allocation, the capitalized and italicized terms used herein shall have the meaning ascribed to them in the Settlement Agreement.

**II. CALCULATION OF ALLOCATION AMOUNTS.**

A. Prior to disbursement of the Net Settlement Fund to the Settlement Class, the Company shall cause the production of the data reasonably necessary to determine the amount of the Net Settlement Fund to be distributed to each Settlement Class Member, to the extent available, to the Settlement Administrator in accordance with this Plan of Allocation.

B. For each Settlement Class Member, the Settlement Administrator shall determine the approximate net loss (“Net Loss”) as follows:  $\text{Net Loss} = A + B - C - D$ , where, for each Settlement Class Member’s account:

1. A = the dollar value, if any, of the balance invested in the Fannie Mae Stock Fund on the first day of the Class Period;<sup>1</sup>

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<sup>1</sup> To the extent data is not available to determine the account balances of Settlement Class Members at the beginning or end of the Class Period, the calculations may be performed using data as of the nearest date for which data is available.

2. B = the dollar value, if any, of all acquisitions of the Fannie Mae Stock Fund after the first day of the Class Period and during the Class Period as of the time of purchase(s);
3. C = the dollar value, if any, of all dispositions of the Fannie Mae Stock Fund during the Class Period as of the time of the sale(s); and
4. D = the dollar value, if any, of the Fannie Mae Stock Fund remaining on the last day of the Class Period.

In the event that a participant's account was transferred, in whole or in part, to a beneficiary (including an alternate payee) during the Class Period, the participant and the transferee beneficiary shall be treated as a single Settlement Class Member for the purpose of determining a Net Loss. The Net Loss shall then be allocated between the participant and beneficiary according to the proportion of the Net Loss attributable to the holdings of the participant and beneficiary.

C. The Net Losses of the Settlement Class Members as calculated in Section II.B above will be totaled to yield the loss of the Plan as a whole over the Class Period (the "Plan's Loss").

D. The Settlement Administrator shall calculate for each Settlement Class Member his or her "Preliminary Fractional Share" of the Plan's Loss by dividing each Settlement Class Member's Net Loss by the Plan's Loss.

E. The Settlement Administrator shall then calculate for each Settlement Class Member his or her "Preliminary Dollar Recovery" of the Net Settlement Fund by multiplying the Settlement Class Member's Preliminary Fractional Share by the Net Settlement Fund.

F. The Settlement Administrator shall then identify all Settlement Class Members whose Preliminary Dollar Recovery is greater than zero dollars (\$0.00) but less than or equal to a minimum amount of fifty dollars (\$50.00) (the "Minimum Amount"). All such Settlement Class

Members shall receive an allocation from the Net Settlement Fund of the Minimum Amount. The parties in their discretion reserve their right to propose to the Court a modified Minimum Amount if review of the Plan data indicates that a modification would be appropriate.

G. The Settlement Administrator shall then, after subtracting out the amounts allocated to Settlement Class Members who receive the Minimum Amount, recalculate the Preliminary Fractional Shares and the Preliminary Dollar Recoveries so as to arrive at the “Final Fractional Share” and the “Final Dollar Recovery” for each Settlement Class Member. The sum of the Final Dollar Recoveries plus Minimum Amount Recoveries must equal the Net Settlement Fund.

H. Fifteen (15) days prior to the allocation of the Net Settlement Fund to Settlement Class Members, the Settlement Administrator shall provide to Co-Lead Class Counsel the methodology used in calculating losses described herein (or otherwise modified) as well as a sampling of the summaries, compilations, calculations, or tabulations of the claims and amounts described herein, including a complete listing setting out the manner of allocations to each Settlement Class Member.

### **III. DISTRIBUTION OF THE ALLOCATED AMOUNTS.**

A. As soon as practicable after the calculations pursuant to Section II above, the Settlement Administrator shall distribute to each such Settlement Class Member his or her or Final Dollar Recovery, less any expenses or charges approved by the Court, via check directly to the eligible Settlement Class Member. Distribution of the Net Settlement Fund to Settlement Class Members shall be completed by the Settlement Administrator as soon as reasonably practicable after allocation and distribution of the Net Settlement Fund from the Escrow Account.

B. If after six (6) months following distribution of the Net Settlement Fund, any funds remain in the Settlement Fund due to uncashed checks, after reasonable efforts to redistribute such funds (including reallocation of the remaining funds to Settlement Class Members who did cash their checks) have been undertaken, the Settlement Administrator, under the direction of Co-Lead Class Counsel, is authorized, after deduction of reasonable costs and expenses, to donate such funds to non-profit organizations with a housing-focused mission selected by Co-Lead Class Counsel.

#### **IV. QUALIFICATIONS AND CONTINUING JURISDICTION.**

A. Depending on the manner in which the data is kept and the ease with which it can be manipulated, it may be appropriate to simplify some of the features of these calculations. Such simplifications are acceptable as long as the two basic features of the distribution of the Net Settlement Fund are preserved: (1) that each Settlement Class Member receives a proportionate share of the Net Settlement Fund based approximately on the decline in the value of the Fannie Mae Stock Fund held in the Settlement Class Member's account over the Class Period in comparison with the decline in value of the Company Stock Fund held by all other Settlement Class Members; and (2) that the individual's share of the Net Settlement Fund is disbursed by check. Any such changes will be presented to the Court for approval pursuant to Section IV.B below.

B. The Court will retain jurisdiction over the Plan of Allocation to the extent necessary to ensure that it is fully and fairly implemented.

SO ORDERED this \_\_\_\_ day of \_\_\_\_\_, 2015.

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Hon. Paul A. Crotty  
United States District Judge