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

IN RE FANNIE MAE 2008 SECURITIES
LITIGATION

Master File No. 08 Civ. 7831 (PAC)
ECF Case

~~[PROPOSED REVISED]~~ FINAL ORDER AND JUDGMENT *AM*

WHEREAS:

As of October 24, 2014, (i) Lead Plaintiffs, the Massachusetts Pension Reserves Investment Management Board (“PRIM”) and State Boston Retirement Board (“SBRB”), as co-lead plaintiffs for the Common Stock Class, and Tennessee Consolidated Retirement System (“TCRS”), as lead plaintiff for the Preferred Stock Class (collectively, the “Lead Plaintiffs”), for themselves and on behalf of all persons who are Members of the Common Stock Class and/or Preferred Stock Class, respectively, (collectively, the “Plaintiffs”), on the one hand, and (ii) Defendant Federal National Mortgage Association (“Fannie Mae” or the “Settling Defendant”); and (iii) the Federal Housing Finance Agency (“FHFA”), as Conservator for Fannie Mae, (collectively, Lead Plaintiffs, Fannie Mae, and FHFA are referred to herein as the “Settling Parties”), on the other hand, entered into a Stipulation and Agreement of Settlement (the “Stipulation”) in the above-titled litigation (the “Action”), which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions of the proposed settlement of the claims alleged in the Second Amended Joint Consolidated Class Action Complaint (the “Complaint”), filed on March 2, 2012, on the merits and with prejudice (the “Settlement”).

A. Pursuant to the Order Granting Preliminary Approval of Class Action Settlement, Approving Form and Manner of Notice, and Setting Date for Hearing on Final Approval of Settlement, entered November 12, 2014 (the "Preliminary Approval Order"), the Court scheduled a hearing for March 3, 2015, at 3:00 p.m. (the "Settlement Hearing") to, among other things: (i) determine whether the proposed Settlement of the Action on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate, and should be approved by the Court; and (ii) determine whether a judgment as provided for in the Stipulation should be entered.

B. The Court ordered that the Notice of (I) Proposed Class Action Settlement and Plan of Allocation; (II) Settlement Hearing; and (III) Requests for Awards of Attorneys' Fees and Litigation Expenses (the "Notice") and a Proof of Claim and Release Form ("Proof of Claim"), substantially in the forms attached to the Preliminary Approval Order as Exhibits 1 and 3, respectively, be mailed by first-class mail, postage prepaid, on or before ten (10) business days after the date of entry of the Preliminary Approval Order ("Notice Date") to all potential Members of the Settlement Classes who could be identified through reasonable effort, and that a Summary Notice (the "Summary Notice"), substantially in the form attached to the Preliminary Approval Order as Exhibit 2, be published in *The Wall Street Journal* and transmitted over *PR Newswire* within fourteen (14) calendar days of the Notice Date.

C. The Notice and the Summary Notice advised potential Members of the Settlement Classes of the date, time, place, and purpose of the Settlement Hearing. The Notice further advised that any objection to the Settlement was required to be filed with the Court and served on counsel for the Settling Parties such that it would be received by February 2, 2015.

D. The provisions of the Preliminary Approval Order as to notice were complied with.

E. On January 16, 2015, Lead Plaintiffs moved for final approval of the Settlement, as set forth in the Preliminary Approval Order. The Settlement Hearing was duly held before this Court on March 3, 2015, at which time all interested Persons were afforded the opportunity to be heard.

F. This Court has duly considered Lead Plaintiffs' motion, the affidavits, declarations, memoranda of law submitted in support thereof, the Stipulation, and all of the submissions and arguments presented with respect to the proposed Settlement.

NOW, THEREFORE, after due deliberation, IT IS ORDERED, ADJUDGED AND DECREED that:

1. This Final Order and Judgment ("Judgment") incorporates by reference the definitions in the Stipulation and all capitalized terms used in this Judgment that are not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all Members of the Settlement Classes.

3. The Court hereby re-affirms its determinations in the Preliminary Approval Order and finally certifies, for the purposes of the Settlement only, pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, the Common Stock Class consisting of: all Persons who, during the Class Period, either on the secondary market or through an original offering pursuant to a registration statement or prospectus: (a) purchased or acquired Fannie Mae common stock and/or call options and/or (b) sold Fannie Mae common stock put options, and were thereby damaged. Excluded from the Common Stock Class are (i) Defendants and Former Defendants;

(ii) members of the immediate family of any Non-Settling Individual Defendant or Former Individual Defendant; (iii) any person who was an officer or member of the Board of Directors of Fannie Mae during the Class Period; (iv) any firm, trust, corporation, officer, or other entity in which any Defendant or Former Defendant has or had a controlling interest; and (v) the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party. For the avoidance of doubt, “affiliates” are persons or entities that directly, or indirectly through one or more intermediaries, control, are controlled by or are under common control with one of the Defendants or Former Defendants, and include any employee benefit plan organized for the benefit of Fannie Mae’s employees. Former Underwriter Defendants and their affiliates shall be excluded solely with regard to the securities held solely on behalf of, or for the benefit of, their own account(s) (*i.e.*, accounts in which they hold a proprietary interest). Any Investment Vehicle shall not be deemed an excluded person or entity by definition. Also excluded from the Common Stock Class is any Person who submits a valid and timely request for exclusion in accordance with the requirements set forth in the court-approved Notice.

4. The Court hereby re-affirms its determinations in the Preliminary Approval Order and finally certifies, for the purposes of the Settlement only, pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, the Preferred Stock Class consisting of: all Persons who, during the Class Period, either on the secondary market or through an original offering pursuant to a registration statement or prospectus purchased or acquired Fannie Mae preferred stock, and were thereby damaged. Excluded from the Preferred Stock Class are (i) Defendants and Former Defendants; (ii) members of the immediate family of any Non-Settling Individual Defendant or Former Individual Defendant; (iii) any person who was an officer or member of the Board of Directors of Fannie Mae during the Class Period; (iv) any firm, trust, corporation,

officer, or other entity in which any Defendant or Former Defendant has or had a controlling interest; and (v) the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party. For the avoidance of doubt, “affiliates” are persons or entities that directly, or indirectly through one or more intermediaries, control, are controlled by or are under common control with one of the Defendants or Former Defendants, and include any employee benefit plan organized for the benefit of Fannie Mae’s employees. Former Underwriter Defendants and their affiliates shall be excluded solely with regard to the securities held solely on behalf of, or for the benefit of, their own account(s) (*i.e.*, accounts in which they hold a proprietary interest). Any Investment Vehicle shall not be deemed an excluded person or entity by definition. Also excluded from the Preferred Stock Class is any Person who submits a valid and timely request for exclusion in accordance with the requirements set forth in the court-approved Notice.

5. Excluded from the Common Stock Class and the Preferred Stock Class is any Person who has submitted a valid request for exclusion in accordance with the requirements set forth in the Court-approved Notice, or a request that is otherwise allowed by the Court. Such Persons are not bound by this Judgment and are no longer members of the Common Stock Class and/or the Preferred Stock Class. A list of the requests for exclusion allowed by the Court is annexed hereto as Exhibit A.

6. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, the Court hereby re-affirms its determinations in the Preliminary Approval Order that: (i) Lead Plaintiffs SBRB and PRIM are certified as Class Representatives for the Common Stock Class; and (ii) the law firms of Labaton Sucharow LLP and Berman DeValerio are appointed Class Counsel for the Common Stock Class. Lead Plaintiffs SBRB and

PRIM and Lead Counsel Labaton Sucharow and Berman DeValerio adequately represented the Common Stock Class pursuant to Rules 23(a)(4) and (g) of the Federal Rules of Civil Procedure for the purpose of negotiating, entering into, and implementing the Settlement and at all times during the pendency of the Action.

7. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, the Court hereby re-affirms its determinations in the Preliminary Approval Order that: (i) Lead Plaintiff TCRS is certified as Class Representative for the Preferred Stock Class; and (ii) the law firm of Kaplan Fox & Kilsheimer LLP is appointed Class Counsel for the Preferred Stock Class. Lead Plaintiff TCRS and Lead Counsel Kaplan Fox adequately represented the Preferred Stock Class pursuant to Rules 23(a)(4) and (g) of the Federal Rules of Civil Procedure for the purpose of negotiating, entering into, and implementing the Settlement and at all times during the pendency of the Action.

8. The notification provided for and given to the Settlement Classes: (i) was in compliance with the Preliminary Approval Order; (ii) constituted the best notice practicable under the circumstances; (iii) constituted notice that was reasonably calculated to apprise Members of the Settlement Classes of the effect of the Settlement, of the proposed Plan of Allocation, of Lead Counsel's request for awards of attorney's fees and payment of expenses incurred in connection with the prosecution of the Action, of Members of the Settlement Classes's right to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's request for awards of attorney's fees and payment of expenses incurred in connection with the prosecution of the Action, and of their right to appear at the Settlement Hearing; (iv) constituted due, adequate, and sufficient notice to all Persons entitled to receive notice of the proposed Settlement; and (v) satisfied the notice requirements of Rule 23 of the Federal Rules of Civil

Procedure, the United States Constitution (including the Due Process Clause), Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), and all other applicable law and rules.

9. The Court has considered the objections to the Settlement submitted pursuant to Rule 23(e)(5) of the Federal Rules of Civil Procedure. The Court finds and concludes that the objections are without merit, and they are hereby rejected.

10. In light of the benefits to the Common Stock Class, the complexity, expense and possible duration of further litigation of the Action, the risks of establishing liability and damages, and the costs of continued litigation, the Court hereby fully and finally approves the Settlement as set forth in the Stipulation in all respects, and finds that the Settlement is, in all respects fair, reasonable and adequate, and in the best interests of Lead Plaintiffs, the Common Stock Class, and the Members of the Common Stock Class. This Court further finds that the Settlement set forth in the Stipulation is the result of arm’s-length negotiations between experienced counsel representing the interests of the Settling Parties. The Settlement shall be consummated in accordance with the terms and provisions of the Stipulation.

11. In light of the benefits to the Preferred Stock Class, the complexity, expense and possible duration of further litigation of the Action, the risks of establishing liability and damages, and the costs of continued litigation, the Court hereby fully and finally approves the Settlement as set forth in the Stipulation in all respects, and finds that the Settlement is, in all respects fair, reasonable and adequate, and in the best interests of Lead Plaintiff, the Preferred Stock Class, and the Members of the Preferred Stock Class. This Court further finds that the Settlement set forth in the Stipulation is the result of arm’s-length negotiations between

experienced counsel representing the interests of the Settling Parties. The Settlement shall be consummated in accordance with the terms and provisions of the Stipulation.

12. The Action and the Complaint, which the Court finds were filed on a good faith basis in accordance with the PSLRA and Rule 11 of the Federal Rules of Civil Procedure based upon all publicly available information, are hereby dismissed in their entirety, with prejudice, and without costs to any Settling Party, except as otherwise provided in the Stipulation.

13. The Court further finds that during the course of the Action, the parties and their respective counsel at all times complied in all respects with each requirement of Rule 11 of the Federal Rules of Civil Procedure in connection with the commencement, maintenance, prosecution, defense, and settlement of the Action.

14. Upon the Effective Date, Lead Plaintiffs and each and every other Member of the Common Stock Class and the Preferred Stock Class, on behalf of themselves and each of their respective heirs, executors, trustees, administrators, predecessors, successors, and assigns, shall be deemed to have fully, finally, and forever waived, released, discharged, and dismissed each and every one of the Released Class Claims as against each and every one of the Released Defendant Parties and shall forever be BARRED, ENJOINED AND RESTRAINED from commencing, instituting, prosecuting or maintaining any and all such Released Class Claims against any and all of the Released Defendant Parties.

15. Upon the Effective Date, the Settling Defendant, FHFA, and the other Released Defendant Parties, on behalf of themselves and each of their respective heirs, executors, trustees, administrators, predecessors, successors, and assigns, shall be deemed to have fully, finally, and forever waived, released, discharged, and dismissed each and every one of the Released Defendant Claims as against each and every one of the Released Plaintiff Parties; each other;

FHFA's predecessor, Office of Federal Housing Enterprise Oversight ("OFHEO"); their respective present and former parents, subsidiaries, divisions, affiliates, partners, principals, employees, officers, attorneys, accountants, agents and directors, and their respective predecessors, heirs, successors and assigns, and shall forever be BARRED, ENJOINED AND RESTRAINED from commencing, instituting, prosecuting or maintaining any and all of the Released Defendant Claims against each and every one of the Released Plaintiff Parties; each other; FHFA's predecessor, OFHEO; their respective present and former parents, subsidiaries, divisions, affiliates, partners, principals, employees, officers, attorneys, accountants, agents and directors, and their respective predecessors, heirs, successors and assigns.

16. In accordance with 15 U.S.C. § 78u-4(f)(7)(A), any and all claims for contribution or indemnity (and related claims where the injury to the Person bringing the claim is their liability to the Settlement Classes) arising out of the claims or allegations of the Action or any Released Class Claim (i) by any Person against any of the Released Defendant Parties, and (ii) by any of the Released Defendant Parties against any Person, other than a Person whose liability has been extinguished by the Settlement, are hereby permanently barred, extinguished, discharged, satisfied, and unenforceable; provided, however, that nothing in this paragraph shall release or alter any rights to indemnity or contribution by or among the Former Underwriter Defendants or between the Former Underwriter Defendants, on the one hand, and Fannie Mae, on the other hand, including the contractual rights, if any, (i) under any applicable Agreement Among Underwriters relating to any offering of securities by Fannie Mae, or (ii) under any applicable Underwriting Agreements with respect to any right of indemnification or reimbursement of defense costs, which claims as between the Former Underwriter Defendants and Fannie Mae are not barred, released or discharged by the Judgment.

17. Any final verdict or judgment obtained by or on behalf of Lead Plaintiffs, the Settlement Classes or any Member of the Settlement Classes shall be reduced as provided by the PSLRA.

18. Each Member of the Settlement Classes, whether or not such Person executes and delivers a Proof of Claim, is bound by this Judgment, including, without limitation, the releases of claims as set forth above.

19. This Judgment and the Stipulation, whether or not consummated, and any discussions, negotiations, proceedings or agreements relating to the Stipulation, the Settlement, and any matters arising in connection with settlement discussions or negotiations, proceedings, or agreements, shall not be offered or received against or to the prejudice of the Settling Parties, or their respective counsel, for any purpose other than in an action to enforce the terms hereof, and in particular:

(a) do not constitute, and shall not be offered or received against or to the prejudice of Defendants or Former Defendants as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by them with respect to the truth of any allegation by Plaintiffs and the Settlement Classes, or the validity of any claim that has been or could have been asserted in the Action or in any litigation, including but not limited to the Released Class Claims, or of any liability, damages, negligence, fault or wrongdoing of Defendants, Former Defendants, or any Person whatsoever;

(b) do not constitute, and shall not be offered or received against or to the prejudice of Defendants or Former Defendants as evidence of a presumption, concession, or admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by them, or against or to the prejudice of Plaintiffs or any other

Members of the Settlement Classes as evidence of any infirmity in the claims of Plaintiffs or the other Members of the Settlement Classes;

(c) do not constitute, and shall not be offered or received against or to the prejudice of Defendants, Former Defendants, Plaintiffs, any other member of the Settlement Classes, or their respective counsel, as evidence of a presumption, concession, or admission with respect to any liability, damages, negligence, fault, infirmity or wrongdoing, or in any way referred to for any other reason against or to the prejudice of any of the Defendants, Former Defendants, Plaintiffs, other members of the Settlement Classes, or their respective counsel, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Settlement;

(d) do not constitute, and shall not be construed against Defendants, Former Defendants, Plaintiffs, or any other Member of the Settlement Classes, as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

(e) do not constitute, and shall not be construed as or received in evidence as an admission, concession, or presumption against Plaintiffs or any other Members of the Settlement Classes that any of their claims are without merit or infirm or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

20. The administration of the Settlement, and the decision of all disputed questions of law and fact with respect to the validity of any claim or right of any Person to participate in the distribution of the Net Settlement Fund, shall remain under the authority of this Court.

21. In the event that the Settlement does not become effective in accordance with the terms of the Stipulation, then this Judgment shall be rendered null and void to the extent

provided by and in accordance with the Stipulation and shall be vacated; and in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.

22. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

23. The Settling Parties are hereby directed to consummate the Stipulation and to perform its terms.

24. A separate order shall be entered regarding Lead Counsel's application for attorneys' fees and payment of expenses as allowed by the Court. A separate order shall be entered regarding the proposed Plan of Allocation for the Net Settlement Fund. Such orders shall in no way disturb or affect this Judgment and shall be considered separate from this Judgment.

25. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (i) implementation of the Stipulation and Settlement; (ii) the allowance, disallowance or adjustment of any Member of the Settlement Classes's claim on equitable grounds and any award or distribution of the Settlement Fund; (iii) disposition of the Settlement Fund; (iv) hearing and determining applications for attorneys' fees, costs, interest and payment of expenses in the Action; (v) all Settling Parties for the purpose of construing, enforcing and administering the Stipulation, Settlement and this Judgment; and (vi) other matters related or ancillary to the foregoing. There is no just reason for delay in the entry of this Judgment and immediate entry by the Clerk of the Court is expressly directed.

Dated: March 3, 2015



Honorable Paul A. Crotty
UNITED STATES DISTRICT JUDGE

*In Re Fannie Mae 2008 Securities Litigation, No. 08-cv-7831 (S.D.N.Y.)***EXHIBIT A – List of Allowed Exclusions**

<u>Exclusion</u>	<u>Name</u>
1	Henry A. Catherino
2	Shirley Dowling
3	Carlton R. and Phyllis K. Chickering
4	Patricia W. and Douglas G. Gordon
5	Doris Asher
6	Pamela M. Stratton
7	John D. and Mildred L. O'Donnell
8	Helen Hutchinson
9	Shirley K. Rafool
10	Dr. Gordon J. Rafool
11	James L. Egger
12	The Lions of Michigan Service Foundation, Inc.
13	Willa Kay Lawall
14	Judy K. Frickey TTEE Estella Fay Krin Family Trust
15	Katherine W. Goetzmann
16	American Paper & Twine Company Employee Profit Sharing Plan and Benefit Trust
18	Ann Readinger
19	Steven A. Weil and Janet L. Weil
20	Christopher M. Fraser
21	Herbert J. Massoll
22	William E. Duffy
23	Dennis Schwartz TTEE - Peggy Moffitt Charitable Remainder Trust
24	Dennis Schwartz
26	David M. and Joan G. Berkson
27	Phyllis Barman
28	Mattie Rose Estate - Charles Rose Executor
29	Jack F. Klecka, Jr. TTEE - Louise M. Klecka Trust
30	Bernard T. Dunkel
31	Barbara and Roger Gafforini Trust U/A 12/01/1997
32	Patricia Bailey
33	Jeannie C. Saunders
34	Ayhan Akcar
35	Thomas and Nancy Tiernan
36	Tobie Selzer and Donna Faye Pleason
37	Rendleman Revocable Trust
38	Roger and Marla Sommerville
39	Jean Lutz and Lynn L. Friend

<u>Exclusion</u>	<u>Name</u>
40	Mark N. and Becky W. Ward
45	Houston Alvin and Linda Lee Fannin
46	Michael W. O'Neil
47	Dorothy F. Pratt Trust
48	Thomas and Birdie Edwards
49	Leslie Geer
50	Stu and Virginia Wheeler
51	Laura Gabel
52	Luc Dufresne
53	Ellis E. Lyons Jr.
54	Sharon J. Gallup
55	Jim and Christel Pascucci
56	Liliane Le Blanc
57	Jo Logan
58	Anthony W. O'Donnell
59	Rueben and Jeanette Schwantes
60	James Frederick Martin Trust - John Sheridan TTEE
61	Susie Johnson
62	Edward Cohen
63	Leon Collet
64	Susan R. Resnick
65	Upendra Kulkarni