



Tara M Nada/HR/CF/CCI  
11/17/2006 11:39 AM

To Chuck Quon/Managing Directors/CF/CCI@Countrywide  
cc  
bcc  
Subject Re: ARM's Draft Agreement

Hi Chuck,

Below are my comments with regard to ARM's agreement. Hope they are helpful. Please let me know if you have any questions.

- Page 1 - 2nd and 3rd paragraph from bottom of the page, change Chair to Chairman for consistency
- Page 3 - 1st paragraph, 4th sentence, capitalize the C and E in chief executive officer for consistency
- Need to remember that anything paid over \$1M in base will need to be deferred per Section 4(g)
- Section 4(b)(i) states that the terms of his annual incentive will be based on the terms provided in the Amended and Restated CFC AIP. I could have sworn that the company did not Amend the AIP back in February and therefore the name of the plan in the agreement might be incorrect. Secondly, the current AIP only allows for a payout of up to \$8M, so CFC will need to amend the AIP. If the company decides not to go by the T&Cs in the AIP, then I believe we will need shareholder approval on this new agreement. Thirdly, I can't believe how low the ROE measures are. Over the past three years CFC's ROE has been in excess of 17%. Even DS's and SLK's incentive plan allowed for maximum payout to be made if ROE and EPS was over 17% and \$3.62, respectively. Once the agreement is filed, shareholders or newspapers might comment all over this evident fact.
- Section 4(c) - since it states that the annual equity grant will be made "within" the first 90 days of each calendar year this will not coincide with the annual award date for the rest of the employees. Perhaps the agreement can be reworded to state "On a date occurring on the first business day in April of each year...." Additionally, should we confirm whether it was the Committee's intention to issue ~~stock~~ settled appreciation rights, since the type SARs are not defined?
- If in the future RS and/or RSU are predominantly utilized, CFC will need to make sure that the number of full value shares issued are being tracked. We committed in the 2006 EIP that no more than 11M can be issued in aggregate of the 2000 and 2006 EIPs. I don't think our current systems can handle the tracking of the ROE performance measures, Ricky will need to provide you this info.
- Since the SERP Reimbursement will be made in RSUs and be time and perf-vested based on TSR, I believe only half of the award will be deductible under 162(m). However, according to Section 4(g), anything that does not meet the limitations of 162(m) will need to be deferred. Perhaps Legal has already addressed this, so can we please discuss?
- I thought earlier this year we changed the definition a CIC per Lehman Bro's recommendation. If so, then we will need to make sure that Appendix A is consistent with any changes previously made. I'm sure that Legal might already be on top of this, so please let me know if you want me to further explore.

Chuck Quon/Managing Directors/CF/CCI

Chuck Quon/Managing  
Directors/CF/CCI  
11/14/2006 06:13 PM

To Ricky Eugenio/HR/CF/CCI@Countrywide, Tara M  
Nada/HR/CF/CCI@Countrywide  
cc Becky Bailey/HR/CF/CCI@Countrywide, Lisa K  
Smith/HR/CF/CCI@Countrywide  
Subject ARM's Draft Agreement

Please review the attached ARM's draft agreement. We need to ensure we can execute to its terms and

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Identify areas where we cannot or would have significant difficulty. Please get back to me by Friday.  
Thanks.

[attachment "#696298 v6 - Mozilo Employment Agreement" deleted by Tara M Nadaf/HR/CF/CCI]  
[attachment "#700168 v1 - Redline A. Mozilo Agmt.doc" deleted by Tara M Nadaf/HR/CF/CCI]

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