

From: Angelo Mozilo
Date: 11/23/2006 04:09:31 PM
To: John England
Subject: Fw: Proposed Contract Revisions

I had sent this e-mail to you on this matter earlier this morning but it didn't make it through. Let me know your thoughts once you have absorbed this new info.
— Forwarded by Angelo Mozilo/Managing Directors/CF/CCI on 11/23/2006 01:07 PM —

REDACTED

— Forwarded by Angelo Mozilo/Managing Directors/CF/CCI on 11/23/2006 09:27 AM —

Angelo Mozilo/Managing Directors/CF/CCI
11/23/2006 08:59 AM

To: John England
cc: Susan Bow/Managing Directors/CF/CCI@Countrywide
Subject: Proposed Contract Revisions

A couple of issues have arisen since the signing of the term sheet that should be addressed in order to assure that what appears to be my final contract is both fair to me as well as to the Company.

I was informed the other day by Susan Bow that under an agreement established when my partner was still with the Company and obviously alive that the Board agreed to have the disbursement of the Serp commence upon retirement or upon a time when the combination of the age of the executive and the term of service totaled 105 years or beyond. The documentation in the archives should show that Dave and I commenced operations sometime in 1966 which was 38 years ago and in December of 2005 I turned 67 years of age. I don't know exactly how the formula is calculated but based upon simple math I was with the Company with age combined with service 105 years commencing January 2006. At that time I was unaware of my ability to commence collecting my SERP.

Therefore one way to look at it is that I am entitled to my Serp payment for 2006 if my calculations match up with the formula established in the agreement. Susan has to validate that fact. There appears to be no question that I am entitled to the Serp payment commencing January 2007.

In addition, based upon the conversations of this week I have no desire to exacerbate the deferred comp issue and neither should the Board. Even though it's my hard earned money and I was motivated, and in some cases mandated by the Board, to defer the monies for the sole purpose of providing the Company (as an unsecured creditor) with a cheap source of funds but also to assure that all monies paid to me were tax deductible to the Company, it does not appear at this time to be appropriate for a plethora of reasons to grow my deferred comp account.

I am therefore proposing the following:

1. Assuming that I will be receiving the Serp for 2007 and potentially for 2008 (it's a use it or lose it program) then the signing bonus should be reduced to \$8 million instead of \$10 million and be subject to the terms of the contract proposed by the Board
2. That none of my base be deferred and that the only deferral be any bonus over \$5 million in any one year as per the proposed contract. It is important to remember that the Company has revenues of almost \$12 billion and expenses of \$7.5 billion and the non deferral of \$900,000 of my base is less than meaningless to the financial performance to the Company but important to me, not to add to my already very large deferred comp account.
3. The Board is eliminating gross up for personal travel however they should leave gross up in place when either my spouse or Dave's spouse is traveling on a trip that is being done for Company purpose. Otherwise, in order to avoid extraordinary travel expense to be incurred by Dave and me the spouses would have to travel commercial or not at all, which is not right nor wise.

I am not certain I have covered all of the issues but I believe that these are the key ones. I am attempting to get hold of Mike Dougherty over his holiday weekend to get his input on these issues. In any event I want them resolved, one way or the other, by the time of the upcoming Board and Comp. Committee meeting. The Board must understand that if I were to retire today I would be receiving the Serp, receive approx. \$15 million in deferred comp., get Directors fees and be able to liquidate my 12 million shares without restriction. More importantly I wouldn't have to continuously travel all over the world on behalf of the shareholders.

From: Angelo_Mozlo [REDACTED]
Date: 11/24/2006 09:51:38 PM
To: "John England" [REDACTED]
Subject: Re: Proposed Contract Revisions

The Serp is a use it or lose it proposition because it ends at age 80. Only half the \$10 sign on bonus is guaranteed and it's value would be based upon the price of the stock 3 years from now. Wouldn't I be better off taking the \$3,000 cash and have a smaller "signing" bonus? Although it may be unusual to collect the Serp while still working the serp payment is outside of my contract. It is my understanding that whether I am employed or not the written policy of the Company is that if your age combined with your tenure with the Company is 105 years or more then you are entitled to the payment. Why should this have anything to do with my contract?

"John England" [REDACTED]
11/24/2006 01:48 PM

To: Angelo_Mozlo [REDACTED]
cc: "James Cummings" [REDACTED]
Subject: Re: Proposed Contract Revisions

Angelo --

Thanks for the message. I think I follow the situation. Here are my thoughts:

1. I agree completely that the loss of tax deductibility on your salary over \$1 million is de minimus -- your salary of \$1.9 million should be paid currently, as should any bonus up to \$8 million. Most large financial services companies proceed with salary compensation as if Section 162(m) did not apply, though they do attempt to structure non-salary plans (like Countrywide does) to ensure deductibility.
2. We had structured the "sign-on" stock award as an amount of shares necessary to entice you to postpone your retirement. The Committee appeared to reject this reason but, instead, granted you a "SERP replacement award" that was in lieu of current receipt of the promised SERP payment (wasn't it \$3 million per year?). The one-day press furor about your sign-on bonus was because it was positioned as a payment in lieu of receiving a SERP. I think the Committee will think they already handled the SERP issue that was otherwise payable through the upfront award of shares.
3. We can troll through proxy statements but I have never heard of a CEO receiving a pension payment in addition to earning salary, bonus, and long-term incentives. I would not recommend you do this, at all, particularly because of the sign-on award's advertised purpose.
4. I do agree that the costs of your spouse traveling on business with you should be covered by Countrywide, and that cost should include a gross-up.

Happy to discuss this further at your convenience.

Regards, John

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