

REPORT OF THE CHRC

The CHRC has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussion, has recommended that the Compensation Discussion and Analysis be included in this Proxy Statement.

This report is respectfully submitted by the members of the Compensation and Human Resources Committee of the Board.

Geoffrey T. Boisi, *Chairman*
Barbara T. Alexander
Michelle Engler
Thomas S. Johnson
Shaun F. O'Malley

COMPENSATION DISCUSSION AND ANALYSIS

This discussion addresses our compensation objectives and policies applicable to the executive officers named in the Summary Compensation Table appearing under “Executive Compensation — Compensation Tables” below, otherwise referred to as our “named executive officers.” To the extent that we may modify these objectives and policies in the future to reflect changing circumstances, the information contained in this discussion may change accordingly. The following discussion and analysis contains statements regarding future individual and company performance targets and goals. These targets and goals are disclosed in the limited context of Freddie Mac’s compensation programs and should not be construed as statements of management’s expectations or estimates of results or other guidance. Freddie Mac cautions investors not to apply these statements to other contexts.

Compensation Philosophy and Objectives

The principal objectives of our compensation program for our named executive officers are to attract and retain high caliber executives, to motivate the executives to work effectively to achieve annual and long-term corporate and individual objectives that are aligned with the interests of our stockholders and other critical constituencies and, based on our pay-for-performance philosophy, to reward the executives when those objectives are met or exceeded.

In addition to individual performance and a review of compensation against the market, in determining named executive officer compensation we consider the following:

- Potential — The named executive officer’s ability to assume greater responsibility and leadership roles.
- Ease of Replacement/Retention Risk — The availability of qualified candidates inside the company, the strength of the external labor pool and the risk that competitors may target the named executive officer.
- Strategic Impact — The named executive officer’s short-, medium-, and long-term contributions and strategic impact on our performance.

Compensation Discussion and Analysis