

## PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

As provided in its charter, the Audit Committee selects our independent auditors, reviews the scope of the annual audit and pre-approves all audit and non-audit services permitted under applicable law to be performed by the independent auditors. The Audit Committee has evaluated the performance of PricewaterhouseCoopers LLP and has selected them as our independent auditors for fiscal 2008. You are requested to ratify the Audit Committee's appointment of PricewaterhouseCoopers LLP. Representatives of PricewaterhouseCoopers LLP will be present at the annual meeting and will be given the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from stockholders present at the meeting. Unless stockholders specify otherwise in their proxy, proxies solicited by the Board will be voted by the proxy holders at the annual meeting to ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for fiscal 2008. A majority of the votes cast at the annual meeting on this proposal is required for ratification.

### Description of Fees<sup>(1)</sup>

The following is a description of fees billed to us by PricewaterhouseCoopers LLP during 2006 and 2007. The increase in audit fees from 2006 to 2007 primarily reflects the fact that PricewaterhouseCoopers LLP began performing quarterly reviews pursuant to Statement on Auditing Standards No. 100 in 2007.

|   | <u>2007</u>      | <u>2006</u>      |
|---|------------------|------------------|
| Audit Fees <sup>(2)</sup> .....         | \$63,963,805     | \$45,075,574     |
| Audit-Related Fees <sup>(3)</sup> ..... | <u>9,419,297</u> | <u>8,898,000</u> |
| Total .....                             | \$73,383,102     | \$53,973,574     |

(1) These fees represent amounts billed within the designated year and include reimbursable expenses of \$3,583,102 and \$3,442,574 for 2007 and 2006 respectively.

(2) Audit fees include fees billed by PricewaterhouseCoopers LLP in connection with the Statement on Auditing Standards No. 100 quarterly reviews of our interim financial information and the audit of our annual consolidated financial statements. The audit fees during 2007 include fees and expenses related to the 2006 (\$15,413,410) and 2007 (\$48,550,395) audits and preferred stock comfort letters. Fees related to preferred stock comfort letters were included in the 2007 annual audit engagement fees while, in prior years, these fees were billed as a separate engagement. In addition to the amounts shown above, approximately \$10.4 million of fees and reimbursable expenses will be billed in 2008 for the 2007 audit. The audit fees during 2006 include fees and expenses related to the 2005 (\$26,428,000) and 2006 (\$18,547,574) audits and preferred stock comfort letters (\$100,000). Audit fees of \$65,300 and \$37,400 in 2007 and 2006, respectively, related to the Freddie Mac Foundation are excluded because these fees are incurred and paid separately by the Freddie Mac Foundation.

(3) 2007 audit-related fees principally include fees and expenses related to internal control design reviews (\$7,419,297), agreed upon procedures associated with Freddie Mac-sponsored securitization transactions (\$1,982,000), and Comperio subscription services (\$18,000). 2006 audit-related fees principally include fees and expenses related to internal control design reviews (\$6,377,000), agreed upon procedures associated with Freddie Mac-sponsored securitization transactions (\$2,353,000) and agreed upon procedures with respect to Freddie Mac's option-adjusted spread fair value disclosure (\$150,000) and Comperio subscription services (\$18,000).

### Approval of Independent Auditor Services and Fees

The Sarbanes-Oxley Act and related rules adopted by the SEC require that all services provided to companies subject to the reporting requirements of the Exchange Act by their independent auditors be pre-approved by their audit committee or by authorized members of the

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