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Freddie Mac
8200 Jones Branch Drive
McLean, Virginia 22102

TO THE STOCKHOLDERS OF FREDDIE MAC

April 29, 2008

Dear Freddie Mac Stockholder:

We are pleased to invite you to attend Freddie Mac's annual stockholders' meeting, to be held on Friday, June 6, 2008, at 9:00 a.m. at the Freddie Mac campus, 8000 Jones Branch Drive, McLean, Virginia 22102. The Proxy Statement and Notice of Annual Meeting of Stockholders accompanying this letter describes the business to be transacted at the meeting. This Proxy Statement and the accompanying proxy card are first being mailed to stockholders on April 29, 2008.

We hope you will be able to attend the annual meeting and urge you to read the enclosed Proxy Statement and Notice, as well as the accompanying Information Statement and Annual Report to Stockholders and the audited financial statements included in the Annual Report, for information about Freddie Mac and the annual meeting. Please complete, sign and return the enclosed proxy card, or vote by Internet or by telephone, at your earliest convenience. Sending your proxy card, or voting by Internet or by telephone, will not affect your right to vote your shares personally if you do attend the meeting. Please indicate whether you plan to attend the meeting on the proxy card.

Sincerely,

A handwritten signature in cursive script that reads "Richard F. Syron".

Richard F. Syron
Chairman of the Board and Chief Executive Officer

FEDERAL HOME LOAN MORTGAGE CORPORATION

PROXY STATEMENT AND NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Our annual meeting of stockholders will be held on Friday, June 6, 2008, at 9:00 a.m. at the Freddie Mac office located at 8000 Jones Branch Drive, McLean, Virginia 22102, for the purposes of:

- (1) electing 11 members to our Board of Directors, each for a term ending on the date of our next annual meeting;
- (2) ratifying the appointment by the Audit Committee of our Board of Directors of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2008;
- (3) approving the amendment and restatement of the 2004 Stock Compensation Plan; and
- (4) transacting any other business that may properly come before the meeting or any adjournment thereof.

RECORD DATE

March 31, 2008 is the record date for the annual meeting. This means that owners of Freddie Mac common stock at the close of business on that date are entitled to receive notice of the meeting, and vote at the meeting or any meeting adjournment.

Stockholders of record on the record date will be admitted to the meeting with photo identification and proof of stock ownership (as described in "Annual Meeting Admission" below).

WHO MAY ATTEND THE MEETING

Attendance is limited to stockholders, including persons holding proxies from stockholders, and one guest each. Invited representatives of the media may attend the meeting.

ANNUAL MEETING ADMISSION

Registration begins at 8:00 a.m. A valid photo identification and proof of stock ownership must be presented in order to attend the meeting.

If your shares are registered in your name, you should bring the bottom half of the proxy card, which is your admission ticket. If you hold Freddie Mac stock in the name of a broker, trust, bank or other nominee ("street name"), you must bring a copy of an account statement reflecting your stock ownership as of the record date. If you plan to attend as the proxy of a stockholder, you must present valid proof of proxy. Cameras, recording devices and other electronic devices are not permitted at the meeting.

WEBCAST OF THE MEETING

If you are not able to attend the meeting in person, you may listen to a live webcast of the meeting on the Internet by visiting <http://www.freddiemac.com/investors> at 9:00 a.m. on June 6, 2008. You will not be able to ask questions unless you attend the meeting in person.

SECURITY AND PARKING AT THE MEETING

The annual meeting will be held at the Freddie Mac campus. The campus consists of several buildings, so please take note that 8000 Jones Branch Drive is the address of the building where the meeting will be held.

Reserved parking will be available for annual meeting attendees. Security measures will require that photo identification and your admission ticket or proof of stock ownership (as described in "Annual Meeting Admission" above) be presented to the security guard in order to access the reserved parking area.

Our Board of Directors recommends that you vote **“FOR”** the election of directors, the ratification of the appointment of our independent auditors and the amendment and restatement of the 2004 Stock Compensation Plan.

Your vote is important. Please vote your proxy promptly so your shares can be represented at the annual meeting, even if you plan to attend the annual meeting. You can vote by Internet, by telephone, or by using the enclosed proxy card. Please see your proxy card for specific instructions on how to vote.

Our proxy tabulator, Computershare Trust Company N.A., must receive any proxy that will not be delivered in person to the annual meeting by 11:59 p.m., eastern time, on Thursday, June 5, 2008.

Unless you will be voting your shares in person at the annual meeting, you have the power to revoke a proxy at any time until 11:59 p.m. eastern time, on Thursday, June 5, 2008 by giving the Corporate Secretary of Freddie Mac written notice of your revocation or by submitting a later dated proxy. You may also revoke your proxy by voting your shares in person at the annual meeting.

The accompanying Proxy Statement contains information describing each matter we expect to be presented for action at the annual meeting.

By Order of the Board of Directors,



Robert E. Bostrom
*Executive Vice President, General Counsel and
Corporate Secretary*

Dated: April 29, 2008
McLean, Virginia

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ABOUT THE MEETING

Who is soliciting my vote?

The Board of Directors of Freddie Mac is soliciting your vote on proposals being submitted to our annual meeting of stockholders to be held on June 6, 2008.

What am I voting on?

You will be voting on the following three items:

- election of 11 members to the Board;
- ratification of the appointment of PricewaterhouseCoopers LLP by the Audit Committee of our Board of Directors as our independent auditors for the fiscal year ending December 31, 2008; and
- approval of the amendment and restatement of the 2004 Stock Compensation Plan, or the 2004 Employee Plan.

The Board is not aware of any other matters to be presented for a vote at the annual meeting.

Who is entitled to vote?

Holders of record of our common stock, par value \$0.21 per share, as of the close of business on March 31, 2008, the record date, are entitled to vote at the annual meeting. As of the record date, there were 646,531,619 votes that could be cast at the annual meeting by all stockholders, consisting of one vote for each share of Freddie Mac common stock outstanding as of that date. We have no other outstanding classes of stock that are entitled to vote at the annual meeting.

How many votes do I have?

Stockholders entitled to vote have one vote for each share of Freddie Mac common stock they owned on the record date for each matter presented to the stockholders for a vote. There is no cumulative voting. For purposes of determining the number of votes cast with respect to any voting matter, only those votes cast “for” or “against” are counted; “votes withheld” and “abstentions” are not counted as votes cast.

How do I vote by proxy?

Stockholders can vote by proxy in three ways: by Internet; by telephone; or by mail (using the enclosed proxy card). Please see your proxy card or the information provided to you by your bank, trust, broker or other holder of record for more information on how to vote by proxy. If you vote by proxy, your shares will be voted at the annual meeting in the manner you indicate.

What if I hold shares indirectly?

If you hold shares in a stock brokerage account or through a bank, trust or other nominee, you are considered to be the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by your broker or nominee. You may not vote directly any shares held in “street name”; however, as the beneficial owner you have the right to direct your broker or nominee on how to vote your shares.

If you hold shares in “street name” and you want to attend the annual meeting, you must bring to the meeting proof of stock ownership, such as an account statement from your broker or nominee which confirms that you are the beneficial owner of those shares.

About the Meeting

If you want to vote in person at the annual meeting and you hold your shares in “street name,” you must bring a proxy letter issued by your broker or bank to vote your shares in person at the meeting.

Can I change my vote after voting by proxy?

Yes. You can change or revoke your proxy through 11:59 p.m. eastern time, on Thursday, June 5, 2008, regardless of the method by which you previously cast your vote. You may also revoke your proxy by voting your shares in person at the annual meeting.

Can I vote in person at the annual meeting?

Yes. However, we encourage you to vote by Internet, by telephone, or by completing and returning the enclosed proxy card to ensure that your shares are represented and voted.

How many votes must be present to hold the annual meeting?

Your shares are counted as present at the annual meeting if you attend the meeting or if you properly return a proxy by mail, by telephone or by Internet. To conduct the meeting, a majority of our outstanding shares of common stock as of March 31, 2008 must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and broker or nominee non-votes will be counted for purposes of establishing a quorum at the annual meeting. See “Will my shares be voted if I do not return my proxy or attend the annual meeting?” below for more information on voting by brokers and nominees. If a quorum is not present, the meeting will be adjourned until a quorum is present. We urge you to vote by proxy even if you plan to attend the annual meeting so that we will know as soon as possible that enough votes will be present for us to hold the meeting.

How many votes are needed to approve Freddie Mac’s proposals?

The 11 nominees for director who receive the greatest number of “for” votes will be elected as directors. This number is called a plurality. Shares not voted will have no impact on the election of directors. If you properly return a proxy, your proxy will be voted “for” each of the nominees for director unless your proxy is marked “vote withheld” as to a particular nominee or nominees for director.

The ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2008 and the approval of the amendment and restatement of the 2004 Employee Plan require a majority of the votes cast at the meeting to be voted “for” such proposals, provided that the total vote cast on the amendment and restatement of the 2004 Employee Plan proposal represents over 50% in interest of all securities entitled to vote on the proposal. A properly executed proxy marked “abstain” with respect to either proposal and a broker or nominee non-vote with respect to either proposal will not be counted as a vote cast on such proposal.

How will voting on any other business be conducted?

We currently do not know of any business to be considered at the annual meeting other than the proposals described in this Proxy Statement. If any other business is properly presented at the annual meeting, your signed proxy gives authority to the named proxies to vote your shares on such matters at their discretion.

About the Meeting

Is my vote confidential?

Yes. Proxy cards, ballots, telephone votes, Internet votes and voting tabulations that identify individual stockholders are confidential. Only certain employees who collect the proxy cards and ballots at the annual meeting, or who receive and review telephone and Internet votes, and the inspectors of election who process proxy cards, ballots, telephone votes and Internet votes, and count the votes will have access to your proxy card, ballot, telephone vote or Internet vote.

Who will count the vote?

Representatives of Computershare Trust Company, N.A., our transfer agent, will count the votes and act as inspectors of election.

Will my shares be voted if I do not return my proxy or attend the annual meeting?

Your shares may be voted on certain types of proposals if they are held in the name of a brokerage firm or nominee, even if you do not provide the brokerage firm or nominee with voting instructions. Brokerage firms and nominees have the authority under the rules of the New York Stock Exchange, or NYSE, to vote shares for which their customers do not provide voting instructions on certain “routine” matters. The election of directors and the ratification of PricewaterhouseCoopers LLP as our independent auditors for fiscal year 2008 currently are considered routine matters for which brokerage firms and nominees may vote shares for which they have not received voting instructions. This is called a “broker vote.”

Under NYSE rules, your broker or nominee may not vote on the proposal relating to the amendment and restatement of the 2004 Employee Plan without your specific instructions.

If your broker or nominee does not have discretion to vote your shares held in the name of the brokerage firm or other nominee on a particular proposal because it is not considered to be a routine matter, and you do not give your broker or nominee instructions on how to vote your shares on such a proposal, the votes will be “broker non-votes.” We count broker non-votes for quorum purposes, but we do not count broker non-votes (or abstentions) as votes “for” or “against” the proposals to be acted on at the annual meeting.

If you do not vote shares registered in your name, your shares will not be voted.

What if I return my proxy card but do not provide voting instructions?

Proxy cards that are signed and returned but do not contain instructions on how you want your shares voted will be voted:

- “for” the election of each of the 11 nominees for director named in this Proxy Statement;
- “for” the ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2008;
- “for” the approval of the amendment and restatement of the 2004 Employee Plan; and
- in accordance with the best judgment of the named proxies on any other matters properly brought before the meeting.

Can I have Freddie Mac’s proxy materials delivered to me electronically next year?

Yes. If you vote electronically via the Internet, and hold your shares in street name, you may consent to electronic delivery of future Freddie Mac proxy statements, proxy cards and annual

About the Meeting

reports by responding affirmatively to the request for your consent when prompted. See “How do I sign up to receive proxy materials electronically?” below for additional information.

We encourage you to consent to electronic delivery because it will reduce the costs associated with printing and mailing our proxy materials and annual reports. If you consent and Freddie Mac delivers some or all of its future annual meeting materials to you by electronic mail or by posting materials to the Internet, you will not receive paper copies of these materials through the mail unless you request them from Freddie Mac.

How do I sign up to receive proxy materials electronically?

If you hold shares in street name, you may submit your consent to electronic delivery at www.freddiemac.com/investors/ar/edelivery.html. Your consent will be effective until you revoke it.

By consenting to electronic delivery, you are stating to Freddie Mac that you currently have access to the Internet and expect to have access in the future. If you do not have access to the Internet, or do not expect to have access in the future, please do not consent to electronic delivery, because Freddie Mac may rely on your consent and not deliver paper copies of future annual meeting materials. In addition, if you consent to electronic delivery, you will be responsible for any Internet charges that you may incur in connection with the electronic delivery of the proxy materials and annual report.

What if I vote “abstain”?

Abstentions will be treated as shares present and entitled to vote for purposes of determining the presence of a quorum. Abstentions do not constitute a vote “for” or “against” any matters and thus will have no effect on the outcome of a vote on a proposal.

What happens if the meeting is postponed or adjourned?

Your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy at any time before the polls are declared open at the annual meeting.

Does Freddie Mac provide for “householding” of proxy materials?

Yes. We have adopted a procedure for stockholders whose shares are held in street name called “householding,” pursuant to which stockholders of record who have the same address and the same last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Proxy Statement and our Information Statement and Annual Report to Stockholders, or Annual Report, unless one or more of these stockholders notifies us that they wish to continue receiving multiple copies. This procedure provides extra convenience for stockholders and a cost savings for us. Currently, we are not providing householding to stockholders whose shares are registered in their name.

If at any time you no longer wish to participate in householding and would prefer to receive a separate Proxy Statement and Annual Report, or if your shares are held in street name and you are receiving multiple copies of our Proxy Statement and Annual Report and wish to receive only one, please notify your bank, broker, trust or other holder of record. For more information, call or write to Freddie Mac at the contact information provided under “Availability of Annual Report” below.

Stockholders who participate in householding will continue to receive separate proxy cards. Householding will not in any way affect the mailing of dividend checks.

CORPORATE GOVERNANCE

We are committed to excellence in corporate governance and have taken measures to achieve this goal, as well as to meet the corporate governance requirements of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the corporate governance regulations of the Office of Federal Housing Enterprise Oversight, or OFHEO, and the listing standards of the exchanges on which our securities are listed, including the NYSE.

Corporate Governance Guidelines

In March 2008, the Board adopted revised Corporate Governance Guidelines, or the Guidelines, which are available on our website at www.freddiemac.com/governance/pdf/gov_guidelines.pdf. Printed copies of the Guidelines also are available to any stockholder upon request to the Corporate Secretary, at the address specified below under “Contacting the Board.”

Director Independence

The non-employee members of the Board have determined that:

- With the exception of Richard F. Syron, our Chief Executive Officer, and Eugene M. McQuade, who was deemed to have resigned as a director effective September 1, 2007, all members of the Board who served as directors in 2007 and all nominees are independent within the meaning of both Section 303A.02 of the NYSE Listed Company Manual and the independence criteria set forth in Section 5 of our Guidelines. Additionally, except as disclosed for Jeffrey M. Peek and Jerome P. Kenney under “Transactions with Institutions Related to Directors” below, no member of the Board who served as a director in 2007 nor any nominee has a material relationship with Freddie Mac.
- All current members of the Audit Committee, the Compensation and Human Resources Committee, or the CHRC, and the Governance, Nominating and Risk Oversight Committee, or the GNROC, are, and members of the Board to be appointed to those committees effective June 6, 2008 will be, independent within the meaning of Section 303A.02 of the NYSE Listed Company Manual and Sections 4 and 5 of our Guidelines. All current members of the Audit Committee also are, and members of the Board to be appointed to the Audit Committee effective June 6, 2008 also will be, independent within the meaning of Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 303A.06 of the NYSE Listed Company Manual.

In making the foregoing independence determinations, as required under our Guidelines, the non-employee directors considered the relationship between Freddie Mac and the National Housing Conference, or NHC, where Mr. Retsinas was a member of the board of trustees and the board of governors until December 2007, and between Freddie Mac and the National Housing Endowment, or NHE, where Mr. Retsinas is currently a member of the board of trustees. Freddie Mac made contributions to NHC in 2006 and to NHE in 2004 and 2005 that, in each case, exceeded the greater of \$100,000 or two percent of NHC’s and NHE’s gross revenues, respectively, for those years. The contribution to NHC in 2006 was \$511,000 and the contributions to NHE in 2004 and 2005 were \$200,000 and \$375,000, respectively. Because Freddie Mac’s relationship with NHC and NHE preceded the Board’s initial consideration of Mr. Retsinas as a director candidate, and given the nature of Freddie Mac’s relationship and Mr. Retsinas’ affiliation with both NHC

and NHE, including the fact that Mr. Retsinas does not hold an executive position at either NHC or NHE, the non-employee directors have determined that the relationships were not material and do not impair Mr. Retsinas' independence. Freddie Mac's contributions to NHE inadvertently were not communicated by management to or considered by the non-employee directors in connection with their previous determination of Mr. Retsinas' independence at the time of his initial nomination as a director candidate in 2007, and the non-employee directors therefore have re-evaluated and ratified that determination in light of the NHE contributions.

Mr. Syron is Chief Executive Officer of Freddie Mac as well as Chairman of the Board. Because Mr. Syron is an employee of Freddie Mac, he is not independent under the Guidelines or the NYSE Listed Company Manual.

Director Qualifications

OFHEO's corporate governance regulations and the Guidelines impose a term limit of ten years and a retirement age of 72 for directors. We do not have any directors who have served longer than ten years or who have reached 72 years, except for Shaun O'Malley, who will be 72 years old at the time of the annual meeting and will retire from the Board effective as of the end of his current term.

Audit Committee Financial Expert

We have a standing Audit Committee that satisfies the "audit committee" definition under Section 3(a)(58)(A) of the Exchange Act, the requirements of Rule 10A-3 promulgated under the Exchange Act and Sections 303A.06 and 303A.07 of the NYSE Listed Company Manual. The current members of the Audit Committee are Robert R. Glauber, Richard Karl Goeltz, Thomas S. Johnson, Shaun F. O'Malley and Stephen A. Ross.

Mr. Goeltz has been a member of the Audit Committee since March 31, 2004, and is currently its chairman. The Board has determined that Mr. Goeltz is independent within the meaning of Rule 10A-3 promulgated under the Exchange Act, and that he is an "audit committee financial expert" under SEC regulations. However, Mr. Goeltz is not an auditor or accountant for Freddie Mac, does not perform field work and is not an employee of Freddie Mac. In accordance with the SEC's safe harbor relating to audit committee financial experts, a person designated or identified as an audit committee financial expert will not be deemed an "expert" for purposes of the federal securities laws. In addition, such designation or identification does not impose on such person any duties, obligations or liabilities that are greater than those imposed on such person as a member of the Audit Committee and Board of Directors in the absence of such designation or identification, and does not affect the duties, obligations or liabilities of any other member of the Audit Committee or Board of Directors.

Codes of Conduct

We have separate codes of conduct applicable to employees and to Board members that outline the principles, policies and laws governing their activities. The employee and Board codes were last revised effective February 25, 2008. Upon joining Freddie Mac or its Board, all employees and directors, respectively, are required to sign acknowledgements that they have read the applicable code and agree to abide by it. In addition, all employees and directors must respond to an annual questionnaire concerning code compliance. The employee code also serves as the code of ethics for

senior executives and financial officers required by the Sarbanes-Oxley Act and SEC regulations. Copies of our employee and director codes of conduct are available, and any amendments or waivers that would be required to be disclosed are posted, on our website at www.freddiemac.com. Printed copies of the codes of conduct also are available to any stockholder upon request to the Corporate Secretary, at the address specified below under “Contacting the Board.”

Chairman of the Board

Mr. Syron has served as Chairman of the Board since December 31, 2003. Under our bylaws, the Chairman of the Board is elected annually by the Board at its meeting following the annual meeting.

Under the terms of Mr. Syron’s amended employment agreement, Mr. Syron has agreed to serve as Chief Executive Officer until the appointment of a successor, at which time Mr. Syron will cease to be Chief Executive Officer and will become Executive Chairman of the Board through December 31, 2009. Mr. Syron has agreed to actively assist us in recruiting and retaining his successor as Chief Executive Officer. For more information about Mr. Syron’s employment agreement, see “Executive Compensation — Employment and Separation Agreements — *Richard F. Syron*” below.

Consistent with a consent order we entered into with the Office of Federal Housing Enterprise Oversight, or OFHEO, we have committed to OFHEO to separate the positions of Chairman and Chief Executive Officer within a reasonable period of time.

Lead Director

The bylaws provide for the position of Lead Director, whose responsibilities include assisting the Chairman of the Board in scheduling and developing the agenda and agenda material for Board meetings; chairing meetings of the Board held among the non-employee directors; and, as Chairman of the GNROC (unless another director is chosen by the Board to serve as Chair of the GNROC), leading the GNROC in reviewing the Board’s governance procedures and policies, including developing recommendations concerning the memberships and chairs of the Board committees and revisions to the committee charters. The Lead Director is elected annually by a majority of the non-employee directors at the Board meeting following the annual meeting. Mr. O’Malley is currently the Lead Director. Mr. O’Malley’s term as Lead Director will end when he retires from the Board effective as of the end of his current term. If the Chairman is an independent director, the non-employee directors may nominate another independent director to serve as Lead Director. If they do not do so, the Chairman will serve as Lead Director. We will announce the results of the election of the Lead Director following his or her election.

Contacting the Board

To contact our Board, please send your comments in writing to Corporate Secretary, Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22102. All comments or complaints relating to our accounting, internal accounting controls or auditing matters will be forwarded to the Chair of the Audit Committee, for treatment in a manner consistent with the Audit Committee’s complaint policy for such matters, and to the Lead Director. All other comments will be forwarded to the Lead Director. Comments indicating that they are to be submitted to the Lead Director or to the Audit Committee Chair anonymously or confidentially will be treated accordingly. You will receive

a written acknowledgement from the Corporate Secretary upon receipt of your comment, unless it is anonymous. Please refer to our website at www.freddiemac.com for more information on our Board and how to contact our Board members.

Stock Ownership by Directors, Executive Officers and Greater than 5% Holders

We expect our directors and officers to own our common stock. A significant portion of director and executive compensation is paid in common stock, as described in greater detail in “Proposal 1: Election of Directors — Board Compensation” and “Compensation Discussion and Analysis” below. We believe that stock ownership by our directors and executive officers aligns their interests with the long-term interests of our stockholders.

Beneficial Ownership. Our only class of voting stock is our common stock. The following table shows the beneficial ownership of our common stock as of April 1, 2008 by our current directors, director nominees, all named executive officers (as that term is defined in “Executive Compensation — Compensation Tables — *Summary Compensation Table*” below), all of our directors and executive officers as a group, and holders of more than 5% of our common stock. Beneficial ownership is determined in accordance with SEC rules for computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person. As of April 1, 2008, each director, director nominee and named executive officer, and all of our directors and executive officers as a group, owned less than 1% of our outstanding common stock. The information presented below is based on information provided to us by the individuals or entities specified in the table.

As of April 1, 2008

Name	Position	Common Stock Beneficially Owned Excluding Stock Options*	Stock Options Exercisable Within 60 Days of April 1, 2008	Total Common Stock Beneficially Owned*
Barbara T. Alexander	Director	1,596	3,177	4,773
Geoffrey T. Boisi	Director	7,900	3,177	11,077
Patricia L. Cook	EVP, Chief Business Officer	27,334 ⁽¹⁾	52,022	79,356
Michelle Engler	Director	11,076 ⁽²⁾	8,758	19,834
Robert R. Glauber	Director	364 ⁽³⁾	455	819
Richard Karl Goeltz	Director	11,410 ⁽⁴⁾	8,377	19,787
Thomas S. Johnson	Director	15,450 ⁽⁵⁾	5,656	21,106
Jerome P. Kenney	Director nominee	0	0	0
William M. Lewis, Jr.	Director	7,645 ⁽⁶⁾	3,177	10,822
Michael C. May	SVP, Multifamily Sourcing	25,500 ⁽⁷⁾	44,677	70,177
Eugene M. McQuade	Former President and Chief Operating Officer; Former Director	48,783 ⁽⁸⁾	0	48,783
Shaun F. O'Malley**	Lead Director	8,512 ⁽⁹⁾	9,083	17,595
Michael Perlman	EVP, Operations and Technology	99	0	99
Anthony S. Pizsel	EVP and Chief Financial Officer	18,746 ⁽¹⁰⁾	0	18,746
Nicolas P. Retsinas	Director	2,381	0	2,381
Stephen A. Ross	Director	27,112 ⁽¹¹⁾	15,449	42,561
Joseph A. Smialowski	Former EVP, Operations and Technology	0 ⁽¹²⁾	0	0
Richard F. Syron	Chairman of the Board and Chief Executive Officer	216,810 ⁽¹³⁾	323,479	540,289
All directors and executive officers as a group (25 persons) ⁽¹⁴⁾		501,061 ⁽¹⁵⁾	528,567	1,029,628

5% Holder***	Common Stock Beneficially Owned	Percent of Class
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071-1406	60,678,100 ⁽¹⁶⁾	9.4%
Capital World Investors 333 South Hope Street Los Angeles, CA 90071-1406	42,545,600 ⁽¹⁷⁾	6.6%
AXA Financial, Inc. 1290 Avenue of the Americas New York, NY 10104	36,630,015 ⁽¹⁸⁾	5.7%

* Includes shares of stock beneficially owned as of April 1, 2008. Also includes restricted stock units, or RSUs, vesting within 60 days of April 1, 2008. An RSU represents a conditional contractual right to receive one share of Freddie Mac common stock at a specified future date. See “Board Compensation — Equity Compensation” and “Compensation Discussion and Analysis” below for more information.

** Mr. O'Malley will retire from the Board effective as of the end of his current term.

*** We require that beneficial owners of more than 5% of our common stock report the amount of their ownership interest and certain other information to us. All persons who have filed such a report to date are identified in this table. To enforce compliance with the reporting requirement, we may deny beneficial owners who have failed to file the required report the right to vote any shares in excess of the 5% threshold. Any shares as to which voting rights are denied will not be counted as outstanding shares for determining whether a quorum exists or whether a majority of shares has been voted for or against any proposal.

- (1) Includes 4,412 RSUs.
- (2) Includes 2,458 RSUs and 360 dividend equivalents on RSUs.
- (3) Includes 356 RSUs and 8 dividend equivalents on RSUs.
- (4) Includes 3,788 RSUs and 364 dividend equivalents on RSUs.
- (5) Includes 2,609 RSUs and 145 dividend equivalents on RSUs.
- (6) Includes 1,535 RSUs and 73 dividend equivalents on RSUs.
- (7) Includes 1,382 RSUs.
- (8) Figures are based on our records as of April 1, 2008. Includes 0 RSUs.
- (9) Includes 1,434 RSUs and 66 dividend equivalents on RSUs.
- (10) Includes 0 RSUs.
- (11) Includes 6,134 RSUs and 826 dividend equivalents on RSUs.
- (12) Figures are based on our records as of April 1, 2008. Includes 0 RSUs.
- (13) Includes 19,412 RSUs.
- (14) In addition to the persons shown in the table, this group includes our Executive Vice President, General Counsel and Corporate Secretary; our Executive Vice President, Human Resources and Corporate Services; our Senior Vice President, General Auditor; our Senior Vice President, Corporate Controller and Principal Accounting Officer; our Senior Vice President, Chief Enterprise Risk Officer; our Senior Vice President, External Relations; our Senior Vice President, Single Family Sourcing; and our Senior Vice President and Chief Compliance Officer.
- (15) Includes 48,966 RSUs and 1,842 dividend equivalents on RSUs.
- (16) Based on a review of beneficial ownership reports as of December 31, 2007 that are filed with us and that are the equivalent of Schedule 13G and 13D reports filed with the SEC, and in reliance on updates to those reports based on a review of Form 13F filings with the SEC, as of December 31, 2007, Capital Research Global Investors, 333 South Hope Street, Los Angeles, CA 90071-1406, beneficially owned 60,678,100 shares, with sole voting power as to 31,393,350 shares and sole dispositive power as to 60,678,100 shares.
- (17) Based on a review of beneficial ownership reports as of December 31, 2007 that are filed with us and that are the equivalent of Schedule 13G and 13D reports filed with the SEC, and in reliance on updates to those reports based on a review of Form 13F filings with the SEC, as of December 31, 2007, Capital World Investors, 333 South Hope Street, Los Angeles, CA 90071-1406, beneficially owned 42,545,600 shares, with sole voting power as to 6,022,700 shares and sole dispositive power as to 42,545,600 shares.
- (18) Based on a review of beneficial ownership reports as of December 31, 2007 that are filed with us and that are the equivalent of Schedule 13G and 13D reports filed with the SEC, and in reliance on updates to those reports based on a review of Form 13F filings with the SEC, as of December 31, 2007, AXA Financial, Inc., 1290 Avenue of the Americas, New York, New York 10104, beneficially owned 36,630,015 shares, with sole voting power as to 29,609,379 shares, shared voting power as to 1,552,606 shares, sole dispositive power as to 36,629,979 shares and shared dispositive power as to 36 shares.

PROPOSAL 1: ELECTION OF DIRECTORS

Director Nomination Process

Under its charter, the GNROC is responsible for recommending to the Board the slate of nominees to be proposed for election by the stockholders at our annual meeting and for reviewing proposals for nominations from stockholders that are submitted in accordance with the procedures summarized below. The GNROC is composed of the following six directors, each of whom is independent under the Guidelines and the NYSE Listed Company Manual: Ms. Alexander and Messrs. Boisi, Goeltz, Johnson, O'Malley (Chair) and Ross.

The GNROC has the authority to employ a variety of methods for identifying and evaluating potential Board nominees. Candidates for vacancies on the Board may come to the attention of the GNROC through several different means, including recommendations from Board members, senior management or professional search firms, stockholder nominations and other sources.

The GNROC considers all nominations submitted by stockholders that meet the eligibility requirements outlined in our bylaws. As required by our bylaws, stockholder nominations of candidates for election as directors must be submitted in writing to the Corporate Secretary, Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22102, no fewer than 75 days prior to the date of the annual meeting. Due to the timing of this annual meeting, and as announced in our press release dated February 4, 2008, the deadline for stockholder nominations of candidates for election as directors was March 24, 2008. We have not received any stockholder nominations of candidates for election as directors for this annual meeting. For information on what must be included in the written notice to nominate a candidate for election at the next annual meeting of stockholders, see "Stockholder Proposals and Nominations for Next Annual Meeting of Stockholders" below.

As stated in the Guidelines, our Board seeks candidates for election to the Board who have achieved a high level of stature, success and respect in their principal occupations. Directors must exemplify high standards of integrity and be committed both to our public mission and to the interests of our stockholders. We seek to have a diversity of talent on the Board. Candidates are selected for their character, judgment, experience and expertise. In addition, candidates must have the ability and time to commit to Board service. In selecting candidates for election to the Board, the Board also considers a director's independence under the independence standards that are a part of the Guidelines. These independence standards incorporate the independence standards set forth in the NYSE Listed Company Manual. See "Corporate Governance — Corporate Governance Guidelines" above.

Stockholder nominees for election to the Board will be evaluated by the GNROC based on the criteria specified above in the same way as is a nominee recommended by the Board or management.

Nominees for Election

Our enabling legislation establishes the membership of our Board at 18 directors: 13 directors elected by the stockholders and five directors appointed by the President of the United States. All directors have the same duties and responsibilities and serve for a term ending on the date of the next annual meeting of stockholders. Eleven directors are to be elected by stockholders at this meeting. Prior to our March 31, 2004 annual meeting, the Office of Counsel to the President informed us that the President did not intend to reappoint any of his then-current Presidential

appointees. Consequently, each of their terms as Presidential appointees ended on the date of that annual meeting. No new appointees have been named by the President as of the date of this Proxy Statement.

The Board has nominated the persons named below for election at this annual meeting to serve until the next annual meeting. Each of the persons named below is nominated for reelection at this meeting, except for Jerome P. Kenney, who is being nominated for election to the Board for the first time at this meeting. Mr. Kenney was identified as a potential candidate by a third-party search firm retained to assist the GNROC in its search for possible director candidates. The evaluation of the suitability of Mr. Kenney as a director of Freddie Mac was performed by the GNROC.

There will be seven vacancies on the Board of Directors after the meeting. As indicated above, there are no nominees for the five directors to be appointed by the President of the United States. Also, there are two fewer nominees for director than the number of directors to be elected by stockholders under our enabling legislation and our bylaws because we are still engaged in the process of identifying appropriate and qualified candidates to fill those positions. If we find a qualified individual with appropriate skills to fill either of the vacancies, then we anticipate that, following the GNROC's recommendation of any such candidate to serve as a director, the Board will appoint the person to fill the vacancy. The stockholders will not elect such candidates because, under our bylaws, a vacancy on the Board may be filled by the affirmative vote of the majority of the directors then serving as directors. A director who is appointed by the Board to fill a vacancy on the Board will serve as a director until the next annual meeting of stockholders.

The Board expects each of its current members and each nominee, and any future Presidential appointee, to attend any Freddie Mac annual stockholders' meeting at which such person is standing for election or reelection or will begin a term as a Presidential appointee to the Board. Eight of the 10 nominees for reelection to the Board attended the June 8, 2007 annual meeting. Ms. Alexander and Mr. Retsinas did not attend the June 8, 2007 annual meeting due to prior commitments made before the meeting date was set. If any of the 11 nominees becomes unavailable for election, either because such nominee is unable or unwilling to serve as a director on the date of the annual meeting or any adjournment of the meeting, the proxies received on behalf of that nominee will be voted for a substitute nominee. The Board has no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

Unless stockholders specify otherwise in their proxies, proxies solicited by the Board will be voted "for" each of the 11 nominees for election named in this Proxy Statement. The 11 nominees who receive the greatest number of votes will be elected. No stockholder is entitled to cumulate his or her votes in the election of directors. Your proxy may not be voted for a greater number of persons than the 11 nominees named.

We recommend that you vote *for* each of the 11 nominees.

The nominees have provided the following information about their age, their principal occupations, their business experience and other matters.



BARBARA T. ALEXANDER

Director since 2004

Age 59

Ms. Alexander has been an independent consultant since January 2004. Prior to that, she was a Senior Advisor to UBS Warburg LLC and predecessor firms (UBS) from October 1999 to January 2004 and Managing Director of the North American Construction and Furnishings Group in the Corporate Finance Department of UBS from 1992 to October 1999. From 1987 to 1992, Ms. Alexander was a Managing Director in the Corporate Finance Department of Salomon Brothers Inc. From 1972 to 1987, she held various positions at Salomon Brothers, Smith Barney, Investors Diversified Services, and Wachovia Bank and Trust Company. Ms. Alexander is a member of the board of directors of Centex Corporation, where she is the Chair of the Governance Committee; and Qualcomm Incorporated, where she is a member of the Audit Committee and the Governance Committee. She also is an Executive Fellow at the Joint Center for Housing Studies at Harvard University, where Mr. Retsinas is the Director.



GEOFFREY T. BOISI

Director since 2004

Age 60

Mr. Boisi has been Chairman and Chief Executive Officer of Roundtable Investment Partners LLC, a private investment management firm, since January 2008, and prior to that served as Chairman and Senior Partner since March 2005. From 2000 to May 2002, Mr. Boisi was Vice Chairman of JP Morgan Chase, where he served as Co-Chief Executive Officer of JP Morgan, the firm's investment bank, and was a member of JP Morgan Chase's executive and management committees. From 1993 to 2000, he was the founding Chairman and Senior Partner of The Beacon Group, a merger and acquisition advisory and private investment firm. From 1971 to 1993, Mr. Boisi held various positions at Goldman Sachs & Company, including senior general partner, member of the firm's management committee and head of the investment banking business.



MICHELLE ENGLER

Director since 2001

Age 50

Ms. Engler is an attorney and is Trustee of the JNL Series Trust and the JNL Investor Series Trust, each an investment company, and has been a member of the board of managers of each of the JNL Variable Funds L.L.C. since 2000. From 1992 to 2000, she was of counsel to the law firm of Varnum, Riddering, Schmidt & Howlett, a Grand Rapids, Michigan-based law firm. Prior to that, she was a partner in the Houston law firm of Nathan, Wood & Sommers. Ms. Engler served on our Board as a Presidential appointee from 2001 through March 31, 2004, when she was elected to our Board by the stockholders.



ROBERT R. GLAUBER

Director since 2006

Age 69

Mr. Glauber is a Lecturer at Harvard's Kennedy School of Government. Prior to that, he served as Chairman and Chief Executive Officer of the National Association of Securities Dealers, or NASD, from September 2001 to September 2006, after becoming NASD's CEO and President in November 2000 and a member of NASD's board in 1996. Prior to becoming an officer at NASD, he was a Lecturer at the Kennedy School from 1992 until 2000, Under Secretary of the Treasury for Finance from 1989 to 1992 and, previous to that, a Professor of Finance at the Harvard Business School. Mr. Glauber served as Executive Director of the Task Force appointed by President Reagan to report on the 1987 stock market break ("Brady Commission"). He has served on the board of the Federal Reserve Bank of Boston, a number of Dreyfus mutual funds, the Investment Company Institute, and as president of the Boston Economic Club. Mr. Glauber also is a director of Moody's Corporation, where he is a member of the Audit Committee; and lead director of XL Capital Ltd. Mr. Glauber has been a Senior Advisor to Peter J. Solomon Co., an investment bank, since November 2006.



RICHARD KARL GOELTZ

Director since 2003

Age 65

Mr. Goeltz was Vice Chairman, Chief Financial Officer and Member of the Office of the Chief Executive of American Express Company from 1996 to 2000. Prior to that, he was Group Chief Financial Officer and a member of the Board of NatWest Group from 1992 to 1996. Mr. Goeltz also held various finance positions at The Seagram Company Ltd., including Executive Vice President-Finance and Chief Financial Officer, and at Exxon Corporation. He is a director of Delta Air Lines, Inc. where he is Chair of the Finance Committee and a member of the Audit Committee; a director of Warnaco Group, Inc., where he is a member of the Nominating and Corporate Governance Committee and the Compensation Committee; a director of the New Germany Fund; and a director of Aviva plc, where he is a member of the Audit Committee and Chair of the Remuneration Committee. He also is a member of the Court of Governors and the Council of the London School of Economics and Political Science.



THOMAS S. JOHNSON

Director since 2004

Age 67

Mr. Johnson retired in September 2004 as Chairman and Chief Executive Officer of GreenPoint Financial Corporation, a national specialty mortgage lender and New York consumer banking company, following the acquisition of GreenPoint Financial by North Fork Bancorporation, Inc., with whom Mr. Johnson remained employed in a non-management capacity until December 31, 2004. Mr. Johnson had held the offices of Chairman and Chief Executive Officer of GreenPoint since 1993. He also was President of GreenPoint through 1997. Prior to that, he served as President and a director of Chemical Bank and Chemical Banking Corporation and then of Manufacturers Hanover Trust Company and Manufacturers Hanover Corporation. Mr. Johnson also is a director of Alleghany Corporation; RR Donnelley & Sons, Inc.; and the Phoenix Companies, where he is a member of the Audit Committee.



JEROME P. KENNEY

Director Nominee

Age 66

Since his retirement from Merrill Lynch & Co., Inc. in January 2008, Jerome P. Kenney has served as a consultant for Merrill Lynch, as senior advisor, and holds the honorary position of vice chairman emeritus. Prior to retiring from Merrill Lynch, he served as vice chairman and member of the Executive Client Coverage Group from January 2003 until January 2008. Mr. Kenney was a member of the Executive Management Committee for over 20 years. From 1990 until February 2002, he served as head of Corporate Strategy, M&A and Research and also oversaw Corporate Credit, Marketing and Government Relations. Previously, he served as president and chief executive officer of the Merrill Lynch Capital Markets Group worldwide from 1984, and as a member of the board of directors from 1985 to 1991. He also served earlier as director of Securities Research, director of Institutional Sales and Marketing and head of Investment Banking. He is a director of Invesco Ltd., where he is a member of the Audit Committee, the Compensation Committee and the Nomination and Corporate Governance Committee; and a director of Och-Ziff Capital Management Group, where he is a member of the Compensation Committee and the Nominating, Corporate Governance and Conflicts Committee.



WILLIAM M. LEWIS, JR.

Director since 2004

Age 51

Mr. Lewis is a Managing Director and Co-Chairman of Investment Banking at Lazard Ltd., a position he has held since April 2004. From 1978 to 1980 and from 1982 to April 2004, he held various positions at Morgan Stanley, most recently serving as Managing Director and Co-Head of the Global Banking Department from 1999 to 2004. Mr. Lewis also is a director of Darden Restaurants, Inc. and a Trustee of Ariel Investment Trust.



NICOLAS P. RETSINAS

Director since 2007

Age 61

Since 1998, Mr. Retsinas has been Director of Harvard University's Joint Center for Housing Studies, where Ms. Alexander is an Executive Fellow. He also is a lecturer in Housing Studies at the Graduate School of Design and the Kennedy School of Government, and is a lecturer in Real Estate at the Harvard Business School. Prior to his Harvard appointment, Mr. Retsinas served as Assistant Secretary for Housing — Federal Housing Commissioner at the United States Department of Housing and Urban Development from 1993 to 1998 and as Director of the Office of Thrift Supervision from 1996 to 1997. He served on the Board of the Federal Deposit Insurance Corporation from 1996 to 1997, the Federal Housing Finance Board from 1993 to 1998 and the Neighborhood Reinvestment Corporation from 1993 to 1998. Mr. Retsinas serves on the Board of Trustees for the National Housing Endowment and for Enterprise Community Partners and on the Board of Directors of the Center for Responsible Lending.



STEPHEN A. ROSS

Director since 1998

Age 64

Mr. Ross has been the Franco Modigliani Professor of Financial Economics at the Massachusetts Institute of Technology since 1998 and has been, and continues to be, a consultant to a number of investment banks and major corporations. He also has been Chairman and Chief Executive Officer of Compensation Valuation, Inc., a company specializing in the valuation of complex option contracts and option valuation services, since April 2003; a member of the Advisory Council of Taconic Capital Partners LLC, an event-driven hedge fund, since January 2004; a director of IV Capital Ltd., a London-based investment company, since May 1998; and Chairman of the Investment Advisory Board of IVC International since July 2004. Mr. Ross also was Co-Chairman of Roll and Ross Asset Management Corporation, an investment management company, from 1986 to July 2004. He previously was the Sterling Professor of Economics and Finance at Yale University from 1976 to 1998, and a Professor of Economics and Finance at the Wharton School of the University of Pennsylvania. Mr. Ross is a member of the Board of Trustees of the California Institute of Technology. He served as a CREF trustee from 1991 to 2004 and as a director of General Re Corporation from 1993 to 1998.



RICHARD F. SYRON

Director since 2003

Age 64

Mr. Syron was appointed Chairman of the Board and Chief Executive Officer of Freddie Mac in December 2003. Prior to joining Freddie Mac, Mr. Syron was the Executive Chairman of Thermo Electron Corporation from November 2002 to December 2003. Mr. Syron was named to the Board of Thermo Electron in 1997. He became Chairman in January 2000 and was Chief Executive Officer from June 1999 to November 2002. He also served as President of Thermo Electron from June 1999 to July 2000. Prior to joining Thermo Electron, he served as Chairman and Chief Executive Officer of the American Stock Exchange from 1994 to May 1999, President of the Federal Reserve Bank of Boston from 1989 to 1994, and President of the Federal Home Loan Bank of Boston from 1986 to 1989. Mr. Syron also is a director of Genzyme Corporation.

Meetings of the Board and Committees

The Board met 13 times in 2007 and 5 times during the period from January 1, 2008 through April 22, 2008. During 2007, each of the current directors attended at least 75% of the meetings of the Board and committees on which he or she served, and the non-employee directors met regularly in executive session without management.

The five current standing Board committees are the Audit Committee, the CHRC, the Finance and Capital Deployment Committee, the GNROC and the Mission, Sourcing and Technology Committee. The charters of the Finance and Capital Deployment Committee and the GNROC were last revised in March 2008, and the charters of each of the other current standing committees were last revised in March 2007. All the charters of the standing committees are available on our website at www.freddiemac.com/governance/bd_committees.html. Printed copies also are available to any stockholder upon request to the Corporate Secretary, at the address specified above under “Contacting the Board.”

In addition to these standing committees, a Special Derivative Litigation Committee, or the SDLC, was created by the Board in December 2003 to investigate allegations and claims relating to the company’s financial restatements made in stockholder derivative litigation against certain current and former executive officers and directors. The SDLC was dissolved by the Board in April 2007 because the 2003 stockholder derivative litigation had been resolved. In January 2008, the Board formed a Special Litigation Committee, or the SLC, to conduct a review and evaluation of allegations and claims set forth in stockholder demand letters received in November and December 2007 in connection with the company’s losses in the third quarter of 2007. The letters demand that Freddie Mac commence legal proceedings against certain current and former directors and officers of Freddie Mac, Freddie Mac’s independent auditors and other parties and that the company implement corrective measures. One of the stockholders who submitted these demand letters has subsequently filed a derivative action on behalf of Freddie Mac. In March 2008, the company received another stockholder derivative demand letter containing essentially the same allegations as those made in the November and December 2007 letters. The SLC will consider the claims raised in the derivative action and all three demand letters.

The membership of current Board members on each committee, along with the number of times each committee met in 2007 and during the period January 1, 2008 through April 22, 2008, is shown in the table below.

<u>Director</u>	<u>Audit</u>	<u>CHRC</u>	<u>Finance and Capital Deployment</u>	<u>GNROC</u>	<u>Mission, Sourcing and Technology</u>	<u>SDLC</u>	<u>SLC</u>
B. Alexander ⁽¹⁾		✓		✓	Chair		
G. Boisi		Chair		✓	✓		
M. Engler		✓			✓	Chair	Chair
R. Glauber	✓		✓				✓
R. Goeltz	Chair		✓	✓			
T. Johnson	✓	✓		✓		✓	
W. Lewis			✓		✓		
S. O'Malley	✓	✓		Chair			
N. Retsinas ⁽²⁾			✓		✓		✓
S. Ross	✓		Chair	✓		✓	
R. Syron ⁽³⁾							
2007 Meetings ⁽⁴⁾	13	8	7	9	6	0	0 ⁽⁵⁾
2008 Meetings ⁽⁶⁾	9	4	4	3	2	0 ⁽⁷⁾	1

(1) Ms. Alexander became chairperson of the Mission, Sourcing and Technology Committee in June 2007 upon the retirement of Ronald F. Poe, a former director. She served on the Finance and Capital Deployment Committee until January 1, 2008 after which she joined the CHRC.

(2) Mr. Retsinas was elected to the Board at the annual meeting in June 2007.

(3) Mr. Syron is not a member of any committee.

(4) Includes one joint meeting of the Audit Committee and the Finance and Capital Deployment Committee.

(5) The SLC was not formed until January 2008 and therefore no meetings were held in 2007.

(6) Includes two joint meetings of the Audit Committee and the Finance and Capital Deployment Committee and one joint meeting of the Audit Committee and the CHRC.

(7) The SDLC was dissolved in April 2007 and therefore no meetings were held in 2008.

The following is a description of the current Board committees and their responsibilities:

The Audit Committee's primary responsibility is to assist the Board in discharging its oversight responsibilities with respect to financial matters and compliance with laws and regulations. The committee's specific responsibilities with respect to its oversight of our independent auditors are: to appoint, evaluate, monitor the independence of, determine the compensation of, and, as the committee may deem it appropriate, terminate and replace our independent auditors; to review the independent auditors' report on the independent auditors' internal quality control procedures; and to pre-approve any audit services, and any non-audit services permitted under applicable law, to be performed by our independent auditors. Additional specific responsibilities with respect to the committee's oversight of financial matters include: to oversee the integrity of our financial reporting processes and disclosure, including systems of control regarding finance, accounting, compliance with legal and regulatory requirements and programs for the detection and prevention of fraud; to review management's policies and guidelines governing the processes for assessing and managing Freddie Mac's risks; and to meet in joint session with the Finance and Capital Deployment Committee to review Freddie Mac's major financial risk exposures and the steps management has

taken to monitor and control such exposures. The committee's specific responsibilities with respect to its oversight of our internal auditors include: to hire, determine the compensation of, evaluate the performance of and decide whether to retain our Senior Vice President — General Auditor; to approve and evaluate the annual plan, budget, organization and staffing for the internal auditors, including amendments to such plan or budget; and to assess, at least annually, the effectiveness of the internal auditors. The committee also conducts an annual evaluation of its own performance, including its oversight responsibilities described above.

The Audit Committee's purposes, duties and responsibilities under its charter include those specified in the NYSE Listed Company Manual for audit committees.

The CHRC's primary responsibility is to oversee our executive compensation program. The executive officers for whom the CHRC has compensation-setting authority include our Chief Executive Officer, Chief Financial Officer, principal accounting officer, any officer in charge of a principal business unit, division, or function, any other officer who performs a significant policy-making function, as determined by the CHRC, and any other officer at the level of Senior Vice President or above whose target total compensation exceeds \$2 million. An independent compensation consultant, currently Hewitt Associates LLC ("Hewitt"), is retained by the CHRC to assist in the review and establishment of compensation for this group and reports directly to the CHRC on these matters.

The CHRC's specific responsibilities include: in consultation with senior management and the committee's independent consultant, to approve our executive compensation philosophy; to approve the compensation of our executive officers, including approving the goals and objectives relevant to determining the compensation of the Chief Executive Officer, evaluating the Chief Executive Officer's performance in light of those goals and objectives and such other factors as the CHRC deems relevant, and using that evaluation for purposes of determining the Chief Executive Officer's compensation; to approve cash incentive plans for non-executive officers; to review, approve, amend and/or terminate any stock-based compensation or benefit plan and any retirement plan, including our pension plan and thrift plan; to review the management of our human resources; to review plans, policies and procedures for management succession; and to conduct an annual evaluation of the CHRC's performance.

In addition, under the CHRC's charter, the CHRC Chair may approve any executive compensation action where competitive circumstances preclude delaying approval to the next CHRC meeting, provided that the Chair reports to the CHRC on such action at its next regularly scheduled meeting.

The CHRC's purposes, duties and responsibilities under its charter include those specified in the NYSE Listed Company Manual for compensation committees. For more information, see "Compensation Discussion and Analysis — Role of Executive Officers and the Compensation Consultant" below.

The Finance and Capital Deployment Committee's primary functions are: to review our capital requirements, management, allocation and plan; to recommend dividends on, and issuances and repurchases of, our common and preferred stock for approval by the Board; to monitor our debt and mortgage-related securities activities; to monitor our investment, funding, liquidity and hedging strategies and activities; to monitor our asset/liability management techniques; to monitor and approve certain enterprise risk metrics and limits; to meet in joint session with the Audit Committee

to review Freddie Mac's major financial risk exposures and the steps management has taken to monitor and control such exposures; and to conduct an annual evaluation of the committee's performance.

The GNROC's members are the chairs of each of the other standing committees and, if the Lead Director is not one of the committee chairs, the Lead Director, and any other directors designated by the Board. Its primary functions are: to oversee corporate governance matters generally, including reviewing and recommending changes in our bylaws, our Guidelines, and the independence standards and qualifications for Board membership set forth in the Guidelines; to conduct an annual evaluation of the committee's performance and to oversee the annual evaluation of the performance of the Board and each of its other committees; to identify individuals qualified to be members of the Board and to recommend Board nominees; to review and make recommendations concerning the independence of Board members and to review the application to Board members of membership qualifications under the Guidelines; to review and make recommendations concerning membership on Board committees and on committee structure and responsibilities; to recommend non-employee director compensation; to oversee enterprise-wide risk management strategies and governance, to review major enterprise risk exposures and to review the capabilities for and adequacy of resources allocated to enterprise risk management; to review management's proposed response to stockholder proposals submitted for inclusion in our Proxy Statement and make recommendations to the Board regarding responses to any such proposals; to oversee management of legislative and related matters; to review the activities of our political action committee; and to oversee our compliance with the consent order we have entered into with OFHEO.

The GNROC's purposes, duties and responsibilities under its charter include those specified in the NYSE Listed Company Manual for governance and nominating committees.

The Mission, Sourcing and Technology Committee's primary functions are: to review our mission-related activities; to review our mortgage purchase activities, including relationships with customers; to review significant mortgage purchase transactions; to review the management of risks associated with our mortgage purchase activities; to review the implementation of OFHEO's Mortgage Fraud Policy Guidance; to review enterprise-wide technology; and to conduct an annual evaluation of the committee's performance.

The Special Litigation Committee's primary function is to conduct a review and evaluation of allegations and claims set forth in the derivative action and in all three stockholder demand letters and derivative litigation and to determine what actions should be taken in connection with such allegations and claims.

Board Compensation

Each year, the Board reviews compensation for our non-employee directors. The components of our non-employee director compensation are cash fees and stock awards. The Board believes that appropriate compensation levels help attract and retain superior candidates for Board service and that director compensation, supported by our non-employee director stock ownership guidelines, which are discussed in greater detail below, should be weighted toward stock-based compensation to enhance alignment with the interests of our stockholders. Stock-based compensation currently constitutes approximately 50% of director compensation. As of March 3, 2007, all stock-based

compensation for non-employee directors is in the form of grants of RSUs. Prior to March 3, 2007, the annual equity grant to non-employee directors consisted of a mix of stock options and RSUs.

We do not have any pension or retirement plans for our non-employee directors. Employee directors do not receive any compensation for their Board service.

The following table shows the cash and equity compensation levels that were in effect in 2007, which remain in effect currently.

2007 Non-Employee Director Compensation Levels

Board Service

Cash Compensation	
Annual Retainer	\$ 60,000
Annual Supplemental Retainer for Lead Director	100,000
Per Meeting Fee	1,500
Initial and Annual Equity Compensation ⁽¹⁾	
RSUs	\$120,000

Committee Service (Cash)

Annual Retainer for Committee Chair (other than Audit)	\$ 10,000
Annual Retainer for Audit Committee Chair	30,000
Per Meeting Fee (other than Audit)	1,500
Per Meeting Fee for Audit Committee Members	3,000
Per Interview Fee for Director Recruiting	1,500
Per Interview Fee for Litigation-Related Interviews ⁽²⁾	1,500

Supplemental Payments to Working Group, Effective September 7, 2007

Annual Retainer for Members of Current Working Group ⁽³⁾	\$ 40,000
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(1) Newly elected and newly appointed non-employee directors during their first term received initial grants of RSUs with a fair market value of approximately \$120,000 on the date of the annual stockholders' meeting, or, if the election or appointment occurred midterm, on the date of such director's election or appointment, prorated based on the number of whole months from the date of election or appointment until the next expected stockholders' meeting.

(2) No such fees were paid in 2007.

(3) On September 7, 2007, the Board approved the payment of an annual retainer of \$40,000 to each member of the working group that was formed in May 2007 to lead the Board's efforts on management succession planning matters (the "Current Working Group"). Members of the Current Working Group are Messrs. Glauber, Boisi, Johnson and O'Malley. The retainer is paid in equal quarterly installments, beginning with the fourth quarter of 2007. On September 7, 2007, the Board also approved a supplemental payment of \$20,000 to each member of the Current Working Group in recognition of the Current Working Group's services from May to September 2007 and a supplemental payment of \$20,000 to each member of a prior working group (the "Original Working Group") in recognition of the Original Working Group's services from December 2006 to April 2007 on succession planning for the Chief Executive Officer. Members of the Original Working Group were Messrs. Boisi, Johnson and O'Malley.

Cash Compensation. Cash compensation consists of annual retainers and meeting fees. Annual retainers are paid in quarterly installments. The retainer paid to non-employee directors who are elected or appointed after the most recent annual stockholders' meeting is prorated based on the quarter in which they join the Board. Non-employee directors also are reimbursed for reasonable out-of-pocket costs for attending each meeting of the Board or any Board committee of which they are a member.

Under the 1995 Directors' Stock Compensation Plan (the "Directors' Plan") and the Directors' Deferred Compensation Plan, an unfunded, non-qualified plan, directors may elect to defer receipt of cash fees and stock awards, as well as elect to convert cash fees into stock. Deferred

cash is credited to a director's account as of the date the amounts would have otherwise been paid to the director. For 2007, six directors elected to defer all or a portion of their 2007 cash fees into deferred stock or common stock.

Deferred compensation to be settled in stock accrues dividend equivalents in the form of additional deferred stock. The number of additional shares of deferred stock that are accrued, as dividends are declared and paid on our common stock, is determined as if the dividend equivalents on the deferred compensation had been reinvested in shares of Freddie Mac common stock.

Subject to earlier payment in the event of hardship withdrawals, deferred cash compensation distributions are payable in lump sums at the earlier to occur of (i) the end of the deferral period or (ii) the earlier of a director's termination of membership on the Board, disability or death.

Equity Compensation. Non-employee directors receive stock-based compensation under the Directors' Plan.

The number of RSUs awarded to non-employee directors is calculated by dividing the dollar amount of the award by the fair market value of our common stock on the grant date. Fair market value is defined under the Directors' Plan as the closing sales price of a share of our common stock reported for such date. For RSU grants made on or after March 3, 2007, vesting occurs in four equal increments with 25% vesting on each anniversary date of the grant, unless vesting is accelerated under certain circumstances, including death, disability or retirement from the Board. For equity grants outstanding as of December 31, 2006, vesting with respect to both stock options and RSUs occurs in equal increments over four terms on the Board, with 25% vesting at the end of every term of office, unless vesting is accelerated under certain circumstances, including death, disability or retirement from the Board.

Dividend equivalents on RSUs granted to our non-employee directors are accrued as additional RSUs and are generally settled at the same time as the underlying RSUs. However, unlike the underlying RSUs, the dividend equivalents on RSUs are not subject to a vesting schedule and are settled upon termination of Board service irrespective of whether the underlying RSUs vest. A director will forfeit unvested RSUs upon a termination other than for death, disability or retirement. Retirement for purposes of the Directors' Plan is a termination resulting from the director's attainment of 72 years of age or ten consecutive terms in office.

Effective as of January 1, 2006, we stopped granting dividend equivalents on awards of stock options to non-employee directors. Prior to January 1, 2006, however, stock options granted to our non-employee directors had dividend equivalent rights on each share underlying the option equal to the dividend per share declared and paid on our outstanding common stock. For stock options vested as of December 31, 2004, dividend equivalents are accrued and are payable in cash upon exercise or expiration of the option. In response to Section 409A of the Internal Revenue Code (the "Code"), the CHRC approved a modification of the terms of certain outstanding stock options granted under the Directors' Plan. In particular, the terms of any stock option grant or portion thereof outstanding as of December 31, 2005 that was not vested as of December 31, 2004 were modified to eliminate the accrual of dividend equivalents. Dividend equivalents accrued through December 31, 2005 with respect to these stock options were distributed in a lump sum in 2006. Thereafter, dividend equivalents with respect to these stock options will not accrue but will be distributed as soon as practicable after dividends on our common stock have been declared.

Non-Employee Director Stock Ownership Guidelines. Under the Guidelines, non-employee directors generally are expected to hold an investment of at least five times the annual Board retainer in our common stock within five years after joining the Board, unless the GNROC determines that it is unduly burdensome for a director to make such an investment. Because the current Board retainer is \$60,000, non-employee directors are expected to hold an investment of at least \$300,000. Non-employee directors will be treated as complying with this stock ownership requirement, even if the non-employee directors do not otherwise meet the requirement, if they retain all Freddie Mac common stock received upon exercise of stock options or lapsing of restrictions on RSUs. This requirement does not take into account fluctuations in the price of our common stock and may not be satisfied with deferred stock.

The following table summarizes the 2007 compensation provided to all persons who served as non-employee directors during 2007.

2007 Non-Employee Director Summary Compensation Table

Name	Fees Earned or Paid in Cash ⁽¹⁾	Stock Awards ⁽²⁾⁽³⁾	Option Awards ⁽²⁾⁽⁴⁾⁽⁵⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁶⁾	All Other Compensation ⁽⁷⁾⁽⁸⁾⁽⁹⁾	Total
B. Alexander	\$109,000	\$ 72,358	\$41,334	\$ 0	\$13,199	\$235,891
G. Boisi	185,500	72,358	41,334	0	13,199	312,391
M. Engler	103,000	97,327	62,226	0	14,227	276,780
R. Glauber	164,500	42,665	8,862	0	10,507	226,534
R. Goeltz	169,500	89,521	60,719	9,139	14,730	343,609
T. Johnson	184,500	90,965	63,654	0	14,052	353,171
W. Lewis, Jr.	91,500	72,358	41,334	0	3,199	208,391
S. O'Malley	309,500	195,400	80,668	2,579	14,311	602,458
J. Peek ⁽¹⁰⁾	48,000	23,199	8,179	0	1,466	80,844
R. Poe ⁽¹¹⁾	47,500	97,722	58,885	0	19,299	223,406
N. Retsinas ⁽¹²⁾	76,500	16,993	0	0	1,365	94,858
S. Ross	145,000	146,183	67,747	0	19,042	377,972

(1) For Messrs. Boisi, Johnson and Ross, all of the amount shown was paid in the form of common stock pursuant to their election to convert 100% of their retainer and meeting fees into common stock. For Messrs. Lewis and Peek, all of the amount shown was paid in the form of deferred stock pursuant to their election to convert 100% of their retainer and meeting fees into deferred stock. For Mr. Retsinas, includes \$46,500 paid in the form of deferred stock pursuant to his election to convert 100% of his retainer and meeting fees paid in the third and fourth quarters of 2007 into deferred stock.

(2) Represents the compensation cost for the year of all of the directors' stock awards (all of which were RSUs) and option awards, respectively, outstanding in 2007, as determined under Statement of Financial Accounting Standards No. 123(R) ("SFAS 123(R)"), rather than an amount paid to or realized by the directors. See NOTE 10 to the consolidated financial statements included in the accompanying Annual Report for a discussion of the assumptions made in determining the SFAS 123(R) values. The amounts reported disregard estimates of forfeitures for awards with service-based vesting conditions. There can be no assurance that the full SFAS 123(R)

amounts will ever be realized by any director. No option awards were made to non-employee directors in 2007. The grant date fair values of the RSU awards made to each non-employee director in 2007 were as follows:

	<u>Grant Date Fair Value of RSU Awards</u>
B. Alexander	\$120,018
G. Boisi	120,018
M. Engler	120,018
R. Glauber	120,018
R. Goeltz	120,018
T. Johnson	120,018
W. Lewis, Jr.	120,018
S. O'Malley	120,018
J. Peek ⁽¹⁰⁾	120,018
R. Poe ⁽¹¹⁾	—
N. Retsinas ⁽¹²⁾	120,018
S. Ross	120,018

The grant date fair value of the RSU awards is calculated by multiplying the number of RSUs granted by the grant date fair value of our common stock. The grant date fair value of these RSUs awards is based on the fair market value of our common stock on June 8, 2007, which was \$64.63.

- (3) At December 31, 2007, the aggregate number of common shares underlying the outstanding RSU awards that had not vested and were held by each non-employee director was: Ms. Alexander — 3,714 shares; Mr. Boisi — 3,714 shares; Ms. Engler — 4,030 shares; Mr. Glauber — 2,927 shares; Mr. Goeltz — 3,810 shares; Mr. Johnson — 3,858 shares; Mr. Lewis — 3,714 shares; Mr. O'Malley — 4,030 shares; Mr. Peek — 0 shares; Mr. Poe — 0 shares; Mr. Retsinas — 1,857 shares; and Mr. Ross — 4,030 shares.
- (4) At December 31, 2007, the aggregate number of common shares underlying outstanding option awards, exercisable and unexercisable, held by each non-employee director was: Ms. Alexander — 6,360 shares; Mr. Boisi — 6,360 shares; Ms. Engler — 12,669 shares; Mr. Glauber — 1,822 shares; Mr. Goeltz — 11,781 shares; Mr. Johnson — 9,171 shares; Mr. Lewis — 6,360 shares; Mr. O'Malley — 12,994 shares; Mr. Peek — 0 shares; Mr. Poe — 20,265 shares; Mr. Retsinas — 0 shares; and Mr. Ross — 19,360 shares.
- (5) The value of dividend equivalents is recognized in the compensation expense of the stock option awards shown in the 2007 Non-Employee Director Compensation table. The following presents the actual amounts of cash dividend equivalents paid in 2007 to those non-employee directors who had stock option grants or portions thereof that were outstanding and not vested and exercisable as of December 31, 2004: Ms. Alexander, \$7,942; Mr. Boisi, \$7,942; Ms. Engler, \$14,123; Mr. Glauber, \$0; Mr. Goeltz, \$13,627; Mr. Johnson, \$11,079; Mr. Lewis, \$7,942; Mr. O'Malley, \$14,350; Mr. Peek, \$0, Mr. Poe, \$16,266; Mr. Retsinas, \$0; and Mr. Ross, \$16,266. Dividend equivalents on RSUs granted to our non-employee directors are not paid out in cash but are accrued as additional RSUs and are generally settled at the same time as the underlying RSUs.
- (6) We do not have any pension or retirement plans for our non-employee directors. For Mr. Goeltz, includes \$9,139 in above-market interest earned in 2007 on his deferred compensation balances relating to his 2005 and 2007 elections to receive deferred cash. For Mr. O'Malley, includes \$2,579 in above-market interest earned in 2007 on his deferred compensation balances relating to his 2007 election to receive deferred cash. Deferred compensation to be settled in cash is credited with interest compounded quarterly at the rate of: (i) 1% per annum in excess of the prime rate as reported by *The Wall Street Journal* on the first business day of each calendar year during the deferral period; or (ii) such other rate as is determined by the CHRC. In 2007, interest was credited at a rate of 9.25% based on the prime rate on January 2, 2007 of 8.25% plus 1%. Disclosure of nonqualified deferred compensation earnings for Mr. Goeltz and Mr. O'Malley consisted of the above-market portion of interest paid in 2007. Of the 9.25% rate of interest that was paid in 2007 on the deferred compensation balances of Messrs. Goeltz and O'Malley, 3.67% was considered above-market. The market rate of interest for 2007 was 5.58%, which was 120% of the applicable federal quarterly compounded long-term rate for January 2007.

- (7) For Mr. Poe, includes a \$5,000 donation made by us to the charity of Mr. Poe's choice in recognition of his service on the Board. The Freddie Mac Foundation provides a dollar-for-dollar match to eligible organizations and institutions, up to an aggregate amount of \$10,000 per director per fiscal year. Matching contributions made to charities designated by the non-employee directors were as follows: Ms. Alexander, \$10,000; Mr. Boisi, \$10,000; Ms. Engler, \$9,450; Mr. Glauber, \$10,000; Mr. Goeltz, \$10,000; Mr. Johnson, \$10,000; Mr. O'Malley, \$10,000; Mr. Poe, \$10,000; Mr. Retsinas, \$1,350; and Mr. Ross, \$10,000.
- (8) We have provided Business Travel Accident Insurance for officers, employees and non-employee directors for many years. The basic benefit provides \$250,000 to their heirs in the event of accidental death while on business travel for Freddie Mac. The cost of this insurance is attributed to each non-employee director as compensation and reported on a tax Form 1099 each year. In 2007, we learned that the premium cost allocated to the non-employee directors and reported as compensation to the non-employee directors for the three years 2004 through 2006 had been overstated. We made cash payments to the following current non-employee directors to reimburse them for the tax expense they incurred because we had overstated the compensation they received from Freddie Mac: Ms. Alexander, \$3,174; Mr. Boisi, \$3,174; Ms. Engler, \$4,286; Mr. Glauber, \$482; Mr. Goeltz, \$4,286; Mr. Johnson, \$3,730; Mr. Lewis, \$3,174; Mr. O'Malley, \$4,286; Mr. Peek, \$1,447; Mr. Poe, \$4,286; Mr. Retsinas, \$0; and Mr. Ross, \$4,286.
- (9) Includes spousal business travel and entertainment expenses incurred in connection with the March 2007 Board meeting and for which non-employee directors were reimbursed. The reimbursements paid to affected non-employee directors were as follows: Ms. Engler, \$466; Mr. Goeltz, \$419; Mr. Johnson, \$297; and Mr. Ross, \$4,731.
- (10) Mr. Peek resigned from the Board effective September 17, 2007. All of Mr. Peek's 3,601 RSUs outstanding and unvested as of September 17, 2007 were forfeited. The related dividend equivalents (a total of 164 shares) as of September 17, 2007 were delivered to Mr. Peek in shares of common stock on December 10, 2007. At the time of his resignation from the Board, Mr. Peek had 1,316 stock options. These options expired on December 17, 2007.
- (11) Mr. Poe retired from the Board effective June 8, 2007. All of Mr. Poe's 4,684 RSUs outstanding as of June 8, 2007, including all previously unvested RSUs and all previously outstanding and deferred shares, were accelerated and delivered to Mr. Poe in shares of common stock as of that date. The related dividend equivalents (a total of 320 shares) as of June 8, 2007 were delivered to Mr. Poe in shares of common stock as of that date. Mr. Poe's option awards continue to vest and become exercisable according to the schedule that currently applies to those options. Because Mr. Poe retired from the Board effective before the last stockholders' meeting, he did not receive the June 8, 2007 equity grant to non-employee directors.
- (12) Mr. Retsinas joined the Board on June 8, 2007.

Transactions with Institutions Related to Directors

In the ordinary course of business, we were a party during 2007, and expect to continue to be a party during 2008, to certain business transactions with institutions affiliated with members of our Board. Management believes that the terms and conditions of the transactions were no more and no less favorable to us than the terms of similar transactions with unaffiliated institutions to which we are, or expect to be, a party. Those transactions that are required to be disclosed under rules promulgated by the SEC are described below.

In October 2007, Freddie Mac purchased mortgage-related securities with an aggregate unpaid principal balance of approximately \$4.3 billion issued by a bankruptcy remote entity of CIT Group, Inc. ("CIT"), of which a former member of our Board, Jeffrey M. Peek, is Chairman and Chief Executive Officer. During the period from October 1, 2007 through April 8, 2008, Freddie Mac has received principal and interest payments on these securities of approximately \$621.3 million. As a holder of the securities, Freddie Mac will continue to receive principal and interest payments while the securities are outstanding. An affiliate of CIT is the master servicer for these securities and receives a fee calculated on the unpaid principle balance of each underlying loan for its services. During the period from October 1, 2007 through April 8, 2008, the CIT affiliate has received servicing fees of approximately \$17.5 million. To avoid the appearance of a conflict of interest,

Mr. Peek resigned from Freddie Mac's Board effective September 17, 2007, prior to completion of this transaction.

Jerome P. Kenney, a director nominee, is currently an independent consultant to Merrill Lynch & Co. ("Merrill Lynch"). Mr. Kenney retired as Vice Chairman of Merrill Lynch in January 2008. While at Merrill Lynch, Mr. Kenney served in many capacities and most recently was a member of Merrill Lynch's Executive Client Coverage Group. Since January 1, 2007, Merrill Lynch, through its subsidiaries, has participated in the following transactions with Freddie Mac:

- As an underwriter for three equity securities offerings, five mortgage-related securities offerings, and 604 debt securities offerings to the public, for which it received underwriting fees of approximately \$4.8 million, \$0.8 million and \$19.3 million, respectively.
- As a counterparty in capital markets transactions, including derivative transactions, repurchase transactions and forward purchases and sales of securities (predominantly mortgage-related securities, but also asset backed commercial paper and other securities). The largest amount of notional or principal balance outstanding for these transactions during the period from January 1, 2007 to April 8, 2008 was \$107.3 billion, \$3.0 billion, and \$8.5 billion, respectively. The largest total counterparty exposure (*i.e.*, the risk of loss to Freddie Mac if Merrill Lynch were to fail to perform under its obligations) during the period from January 1, 2007 to April 8, 2008 was approximately \$925.5 million.
- As a dealer in 14 resecuritizations of our mortgage-related securities that involved payments of resecuritization fees to Freddie Mac in the amount of approximately \$11.5 million.

Freddie Mac regularly purchases securities from Merrill Lynch for its mortgage-related investment portfolio and its non-mortgage securities investment portfolio and occasionally may sell mortgage-related securities to or through Merrill Lynch. Freddie Mac expects to continue to engage in similar transactions with Merrill Lynch and its subsidiaries in 2008.

Policy Governing Related Person Transactions

In December 2007, the Board adopted the company's policy governing the Approval of Related Person Transactions (the "Related Person Transactions Policy"). This is a written policy and set of procedures for the review and approval or ratification of transactions involving related persons, which consist of any person who is, or was at any time since the beginning of the company's last completed fiscal year, a director, director nominee, executive officer, or immediate family member of any of the foregoing persons.

Under authority delegated by the Board, (a) the Executive Vice President — General Counsel and Corporate Secretary (the "General Counsel"), in the case of executive officers and their respective immediate family members (other than the Chief Executive Officer, the President, the Chief Operating Officer, the General Counsel and their respective immediate family members) and (b) the GNROC (or its Chair under certain circumstances), in the case of directors, director nominees and their respective immediate family members, and the Chief Executive Officer, the President, the Chief Operating Officer, the General Counsel and their respective immediate family members (each, an "Authorized Approver") are responsible for applying the Related Person Transactions Policy. Transactions covered by the Related Person Transactions Policy consist of any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships, in which (i) the aggregate amount involved exceeded or is expected to exceed

\$120,000; (ii) the company was or is expected to be a participant; and (iii) any related person had or will have a direct or indirect material interest. The Related Person Transactions Policy includes a list of categories of transactions identified by the Board as having no significant potential for an actual conflict of interest or the appearance of a conflict or improper benefit to a related person, and thus are not subject to review (the “Excluded Transactions”). Excluded Transactions include, for example, transactions in which the related person’s interest arises only from the related person’s position as a director of, or less than 10% ownership level in, another entity that is a party to the transaction; transactions involving a related person where the rates or charges are determined by competitive bids or are in conformity with law or governmental authority; transactions involving certain compensation, indemnity or expense advance payments to an executive officer or director of the company; certain discretionary charitable contributions by the company to a non-profit entity with which a related person is affiliated; and certain transactions deemed not to be material under the director independence standards contained in the Corporate Governance Guidelines.

The company’s Legal Division will assess whether any proposed transaction involving a related person is a related person transaction covered by the Related Person Transactions Policy. If so, the transaction will be reviewed by the appropriate Authorized Approver. In consultation with the Chair of the GNROC, the General Counsel may refer any proposed transaction to the GNROC for review and approval. In those instances in which the General Counsel or his designee determines that it is not practicable or desirable for the company to wait until the next GNROC meeting to review a related person transaction involving a director, director nominee, or any of their respective immediate family members, the Chair of the GNROC may review and approve the related person transaction on behalf of the GNROC and report such action to the GNROC at its next regularly scheduled meeting.

If possible, approval of a related person transaction will be obtained prior to the effectiveness or consummation of the transaction. If advance approval of a related person transaction by the appropriate Authorized Approver is not feasible or otherwise not obtained, then the transaction will be considered promptly by the appropriate Authorized Approver to determine whether ratification is warranted.

In determining whether to approve or ratify a related person transaction covered by the Related Person Transactions Policy, the appropriate Authorized Approver will review and consider all relevant information regarding the related person transaction or the related person available to the Authorized Approver, which may include:

- the nature of the related person’s interest in the transaction;
- the approximate total dollar value of, and extent of the related person’s interest in, the transaction;
- whether the transaction was or would be undertaken in the ordinary course of business of the company;
- whether the transaction is proposed to be, or was, entered into on terms no less favorable to the company than terms that could have been reached with an unrelated third party; and
- the purpose of, and potential benefits to the company of, the transaction.

A director who may be a related person in connection with a particular proposed related person transaction will not participate in any discussion or approval of the transaction, other than

discussion for the purpose of providing material information concerning the transaction to the GNROC. The appropriate Authorized Approver may, in such Authorized Approver's sole discretion, impose such conditions as the Authorized Approver deems appropriate on the company or the related person in connection with the approval of the related person transaction including, but not limited to, ratification, revision or termination of the transaction.

Prior to December 2007, our written policies and procedures for the review, approval or ratification of related person transactions and other conflict of interest matters were based on our Corporate Governance Guidelines, our Codes of Conduct for directors and employees and our processes for gathering and disclosing information about such transactions. Among other things, the Codes of Conduct provide that when performing their Freddie Mac duties, our directors and employees must act at all times in our best interests. Employees and their immediate families are not permitted to engage in business with us unless they have consulted with our Chief Compliance Officer or the Compliance Division. If a director wishes to obtain a waiver of any Code provision (including those dealing with conflicts of interest), the waiver must be approved by the Board of Directors and disclosed to stockholders.