

- (11) The value of dividend equivalents is recognized in the compensation expense of the stock option awards shown in the 2006 Non-Employee Director Compensation table. The following presents the actual amounts of cash dividend equivalents paid in 2006 to non-employee directors on the portions of their outstanding stock option awards that were not vested and exercisable before January 1, 2005: Ms. Alexander, \$16,927; Mr. Boisi, \$16,927; Ms. Engler, \$34,241; Mr. Glauber, \$0; Mr. Goeltz, \$30,569; Mr. Johnson, \$23,800; Mr. Lewis, \$16,927; Mr. O'Malley, \$34,842; Mr. Peek, \$0; Mr. Poe, \$42,291; Mr. Ross, \$42,291; and Mr. Turner, \$42,291. In addition, Mr. Poe received \$79,992 in cash dividend equivalents pursuant to his stock option exercise on April 26, 2006. This exercise was made on a stock option grant from 1996 that was not subject to Internal Revenue Code Section 409A. 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.

Transactions with Institutions Related to Directors

In the ordinary course of business, we were a party during 2006, and expect to continue to be a party during 2007, 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. We had no transactions that are required to be disclosed by SEC registrants under rules promulgated by the SEC.

Our current written policies and procedures for the review, approval or ratification of related person transactions and other conflict of interest matters are based on our Corporate Governance Guidelines, our Codes of Conduct for directors and other 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 act at all times in our best interests. Under the employee Code, 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 shareholders.

AUDIT COMMITTEE REPORT

The Audit Committee operates under a written charter most recently revised and approved by the Board in March 2007. As stated in the charter, 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 Audit Committee's specific responsibilities are summarized under "Proposal 1: Election of Directors — Meetings of the Board and Committees" above. A copy of the charter is available on our website at www.freddiemac.com.

The Audit Committee currently comprises the following five directors: Messrs. Glauber, Goeltz, Johnson, O'Malley and Ross. The Board has determined that each of these directors meets the independence requirements of the NYSE Listed Company Manual and our Guidelines. During the year ended December 31, 2006, the Audit Committee met 11 times. During the period January 1, 2007 through April 2, 2007 the Audit Committee met four times.

Mr. Goeltz is currently the Chairman of the Audit Committee and has been a member of the Audit Committee since March 31, 2004. The Board has determined that Mr. Goeltz has the requisite experience to qualify as an "audit committee financial expert" under the rules and regulations of the SEC and has designated him as such. However, Mr. Goeltz is not an auditor or

Audit Committee Report

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.

Management is responsible for the effectiveness of our internal control over financial reporting and the preparation of our consolidated financial statements in accordance with U.S. Generally Accepted Accounting Principles, or GAAP. Our independent auditors are responsible for performing an independent audit of our consolidated financial statements and for expressing an opinion, based on the results of their audit, whether the consolidated financial statements are fairly presented, in all material respects, in conformity with GAAP. The Audit Committee is responsible for overseeing the conduct of these activities and, subject to stockholder ratification, appointing our independent auditors. As stated above and in its charter, the Audit Committee's role in this process is one of oversight. While the Audit Committee has the responsibilities and powers set forth in its charter, it is not the responsibility of the Audit Committee to prepare financial statements, or to determine that our financial statements and disclosures are complete and accurate and prepared in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management. It is also not the responsibility of the Audit Committee to plan or conduct an independent audit of the financial statements. These are the responsibilities of our independent auditors. In carrying out its oversight responsibilities, the Audit Committee is not providing any expert, professional or special assurance as to our financial statements or any professional certification. The Audit Committee relies on the information provided and representations made to it by management, and also on the report on our consolidated financial statements that it receives from our independent auditors.

In discharging its responsibilities relating to our internal controls, accounting and financial reporting policies and auditing practices, the Audit Committee discussed and reviewed with our independent auditors, PricewaterhouseCoopers, the overall scope and process for their audit. The Audit Committee regularly meets with PricewaterhouseCoopers, with and without management present, to discuss the results of their examination, their observations about our internal controls and the overall quality of our financial reporting.

The Audit Committee has discussed with PricewaterhouseCoopers the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, *Communication with Audit Committees or Others with Equivalent Authority and Responsibility*. The Audit Committee also has received the written disclosures and the letter from PricewaterhouseCoopers that are required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed with PricewaterhouseCoopers their independence from Freddie Mac and our management. At the direction of the Audit Committee, PricewaterhouseCoopers did not provide any non-audit services to Freddie Mac in 2006.

The Audit Committee has reviewed and discussed with management our audited consolidated financial statements as of and for the fiscal year ended December 31, 2006.

Audit Committee Report

The Audit Committee has also met with members of senior management and compliance, enterprise risk oversight, internal tax, finance, legal and internal audit personnel to discuss and review, among other things, the results of internal audit examinations, the scope and resources for the internal audit function, management's development and implementation of systems and programs for the detection and prevention of fraud, management's policies, guidelines and processes regarding the assessment and management of our risk exposures, OFHEO's annual report of examination regarding our safety and soundness, the status of litigation and investigations in which we are involved, our compliance with legal and regulatory requirements, and directors' and employees' compliance with our Codes of Conduct.

Based on the reviews, reports and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements referred to above be included in our Annual Report for the year ended December 31, 2006.

In addition, the Audit Committee has approved the appointment of PricewaterhouseCoopers as our independent auditors for the fiscal year ending December 31, 2007, and has submitted the appointment to the stockholders for ratification at this annual meeting. The Audit Committee pre-approved the terms of the audit services expected to be provided by our independent auditors for the fiscal year ending December 31, 2007.

This report is respectfully submitted by the members of the Audit Committee of the Board.

Richard Karl Goeltz, *Chairman*
Robert R. Glauber
Thomas S. Johnson
Shaun F. O'Malley
Stephen A. Ross

EXECUTIVE OFFICERS

As of April 2, 2007, our executive officers are as follows:

<u>Name</u>	<u>Age</u>	<u>Year of Affiliation</u>	<u>Position</u>
Richard F. Syron	63	2003	Chairman and Chief Executive Officer
Eugene M. McQuade	58	2004	President and Chief Operating Officer
Robert E. Bostrom	54	2006	Executive Vice President, General Counsel and Corporate Secretary
Ralph F. Boyd, Jr.	50	2004	Executive Vice President, Community Relations
Patricia L. Cook	54	2004	Executive Vice President, Investments and Capital Markets
Paul G. George	55	2005	Executive Vice President, Human Resources and Corporate Services
Anthony S. Pizsel	52	2006	Executive Vice President and Chief Financial Officer
Joseph A. Smialowski	58	2004	Executive Vice President, Operations and Technology
Kirk Die	49	2006	Senior Vice President and General Auditor
James R. Egan	54	2006	Senior Vice President — Corporate Controller and Principal Accounting Officer
Michael C. May	48	1983	Senior Vice President, Multifamily Sourcing
Hollis S. McLoughlin	56	2004	Senior Vice President, External Relations
Paul E. Mullings	56	2005	Senior Vice President, Single Family Sourcing
Anurag Saksena	46	2005	Senior Vice President and Chief Enterprise Risk Officer
Robert Y. Tsien	54	2000	Senior Vice President, Mission Oversight and Development
Jerry Weiss	49	2003	Senior Vice President and Chief Compliance Officer

The following is a brief biographical description of each of our executive officers who are not also nominees for election to our Board of Directors.

Robert E. Bostrom was appointed Executive Vice President, General Counsel and Corporate Secretary in February 2006. Prior to joining us, Mr. Bostrom was the managing partner of the New York office of Winston & Strawn LLP, a member of that firm’s executive committee and head of its financial institutions practice. Mr. Bostrom originally joined Winston & Strawn in 1990. From 1992 until 1996, Mr. Bostrom served as Executive Vice President of Legal, Regulatory and Compliance and General Counsel of National Westminster Bancorp.

Ralph F. Boyd, Jr. was appointed Executive Vice President, Community Relations in February 2005. Prior to holding his current position, he served as our Executive Vice President, General Counsel and Corporate Secretary. Prior to joining us, Mr. Boyd was a senior partner with the law firm Alston & Bird LLP from August 2003 and was U.S. Assistant Attorney General and head of the Justice Department’s Civil Rights Division from July 2001 through July 2003. From 1997 to 2001, Mr. Boyd was counsel and subsequently a litigation and trial partner with Goodwin Procter LLP, and before that, he served for six years as an Assistant U.S. Attorney in Boston. He also was an associate at the law firm of Ropes & Gray in Boston from 1987 to 1991.

Patricia L. Cook was appointed Executive Vice President, Investments and Capital Markets in February 2005. Prior to holding her current position, she served as our Executive Vice President, Investments beginning in August 2004. Prior to joining us, Ms. Cook was Managing Director and Chief Investment Officer, Global Fixed Income at JPMorgan Fleming Asset Management from May 2003. Prior to joining JP Morgan Fleming, she was Managing Director and Chief Investment Officer, Fixed Income at Prudential Investment Management. From June 1991 to July 2001,

Executive Officers

Ms. Cook was Managing Director at Fisher Francis Trees and Watts. Prior to that, she worked in various management positions at Salomon Brothers, Inc from January 1979 to June 1991.

Paul G. George was appointed Executive Vice President, Human Resources and Corporate Services in December 2006. He joined us in August 2005 as Executive Vice President, Human Resources. Prior to joining us, Mr. George was Senior Executive Vice President of Human Resources and Corporate Services at Wachovia Corp. from July 1999 through December 2004. Prior to that, he was a member of Waste Management Inc.'s interim management team from 1998 to 1999. He also served for approximately 9 years as Senior Vice President of Human Resources and Corporate Services at United Airlines. Between 1985 and 1988 he was Vice President of Human Resources and Corporate Services at Pacific Southwest Airlines. Prior to that he was a partner at Meserve, Mumper & Hughes, the second oldest law firm in Los Angeles.

Anthony S. Pizsel was appointed Executive Vice President and Chief Financial Officer in November 2006. Prior to joining us, Mr. Pizsel was Chief Financial Officer at HealthNet, one of the nation's largest publicly traded managed health care companies, from August 2004 to November 2006. Prior to that, he held a number of financial positions at Prudential Financial from 1998 to 2004, most recently as Senior Vice President and Corporate Controller. Prior to joining Prudential, Mr. Pizsel was an audit partner at Deloitte and Touche.

Joseph A. Smialowski was appointed Executive Vice President, Operations and Technology in December 2004. Prior to joining us, Mr. Smialowski was Executive Vice President at Fleet Boston Financial from December 1998. Prior to that, he was Chief Information Officer at Sears, Roebuck and Co. from September 1993. Mr. Smialowski was also a partner at Price Waterhouse LLP (now PricewaterhouseCoopers) during his tenure at the firm between 1984 and 1993. Early in his career, Mr. Smialowski held increasingly responsible management, technology and operations positions at Dennison Manufacturing, Xerox and The Hartford.

Kirk Die was appointed Senior Vice President and General Auditor in April 2006. Mr. Die joined us from MBNA Corp., where he served in a series of increasingly responsible roles from 1993. Most recently, as a result of MBNA's merger with Bank of America, he was the audit executive responsible for the combined Card Services Division. Prior to the merger, he was Senior Executive Vice President and Corporate General Auditor of MBNA. Prior to becoming Corporate General Auditor, Mr. Die managed the Operational, Business Development and Financial Audit Departments of MBNA. Prior to that, Mr. Die was a manager with Coopers & Lybrand (now PricewaterhouseCoopers).

James R. Egan was appointed Senior Vice President — Corporate Controller and Principal Accounting Officer in April 2006. Prior to joining us, Mr. Egan was Executive Vice President and Controller for MBNA America Bank from February 2003. Prior to his time at MBNA, Mr. Egan was Senior Vice President, Finance at U.S. Bancorp from 1996 until being appointed as Senior Vice President and Director of Tax in 1999, a position he held until leaving U.S. Bancorp in January 2003. From 1988 to 1996, Mr. Egan held various accounting and financial management positions at First Chicago NBD Corporation. Mr. Egan was an accountant with Price Waterhouse LLP (now PricewaterhouseCoopers) from 1980 until 1988 and with Grant Thornton from 1976 until 1980.

Michael C. May was appointed Senior Vice President, Multifamily Sourcing in August 2005. Immediately prior to his appointment, Mr. May had served as our Senior Vice President, Operations starting in February 2005. He also served as Senior Vice President, Mortgage Sourcing,

Executive Officers

Operations & Funding from October 2003 to February 2005. Prior to that, Mr. May held the positions of Senior Vice President, Single Family Operations from July 2002 to October 2003 and Senior Vice President, Project Enterprise from January 2001 to July 2002. Mr. May also held various positions at our company since joining us in 1983, including Senior Vice President, Customer Services and Control, Vice President of Loan Prospector and Vice President of Structured Finance.

Hollis S. McLoughlin was appointed Senior Vice President, External Relations in January 2006. Prior to that, Mr. McLoughlin served as Senior Vice President and Chief of Staff from April 2004 to January 2006. From 1998, Mr. McLoughlin was Chief Operating Officer of two private equity-backed operating companies. Before that, he was one of the founding partners of Darby Overseas, a private equity partnership based in Washington, D.C. He has also been a senior executive at Purolator Courier, an overnight delivery company, and a privately held transportation company. From 1989 through 1992, Mr. McLoughlin served as Assistant Secretary of the Treasury under former President George H. W. Bush. He served as Chief of Staff to Sen. Nicholas Brady, R-N.J., in 1982 and to Rep. Millicent Fenwick, R-N.J., from 1975 to 1979.

Paul E. Mullings was appointed Senior Vice President, Single Family Sourcing in July 2005. Before joining us, Mr. Mullings was Senior Vice President of JPMorgan Chase and Mortgage Finance and Fair Lending Executive at Chase Home Finance. Prior to joining Chase Home Finance in 1997, Mr. Mullings was President and Chief Executive Officer of Mortgage Electronic Registration Systems, Inc. Mr. Mullings was also President and Chief Executive Officer of the residential mortgage division of First Interstate Bank, Los Angeles. Prior to First Interstate, he held a series of increasingly responsible senior management positions at Glendale Federal Bank, Glendale, California.

Anurag Saksena was appointed Senior Vice President and Chief Enterprise Risk Officer in August 2005. Prior to joining us, Mr. Saksena led Enterprise Risk Management at General Motors Acceptance Corporation from July 1999 to December 2004. In addition, Mr. Saksena founded Enterprise Risk Advisors, LLC. He has also held risk and portfolio management positions of increasing responsibility at Société Générale in New York, Royal Bank Financial Group in Toronto and Great-West Life Assurance Company in Winnipeg.

Robert Y. Tsien was appointed Senior Vice President, Mission Oversight and Development in April 2004. Prior to that, he served as Senior Vice President, Production in the Multifamily Division from October 2003, and as our Chief Credit Officer from September 2001 to October 2003. Mr. Tsien joined us as Vice President of Multifamily Risk Management in April 2000. Prior to joining us, Mr. Tsien was director of risk management and securitization pricing at Titanium Investment Company.

Jerry Weiss was appointed Senior Vice President and Chief Compliance Officer in October 2003. Prior to joining us, Mr. Weiss worked from 1990 at Merrill Lynch Investment Managers, most recently as First Vice President and Global Head of Compliance. From 1982 to 1990, Mr. Weiss was with a national law practice in Washington, D.C., where he specialized in securities regulation and corporate finance matters.

REPORT OF THE CHRC

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

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

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

COMPENSATION DISCUSSION AND ANALYSIS

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

Compensation Philosophy and Objectives

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

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

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

Compensation Discussion and Analysis

Achieving our overall compensation objectives requires the CHRC and management to exercise significant judgment. As a basis for this judgment, we generally establish a target total direct compensation level for each named executive officer. For these purposes, “total direct compensation” consists of base salary, annual bonus, and long-term equity awards. In setting the target total direct compensation for each named executive officer, the CHRC considers a number of factors, including the median level of comparable compensation for comparable positions at the companies in our Comparator Group (defined below) or alternative sources, as appropriate. The competitive market analysis process we use to obtain market data is described below under “Evaluating and Targeting Executive Compensation.”

While the majority of our officers are not covered by employment agreements, certain of the employment agreements applicable to the named executive officers provide contractually guaranteed minimum amounts in certain situations. We consider these guaranteed minimum amounts necessary to achieve our goal of recruiting and retaining exceptional leaders. Since 2003, when we announced the need to restate our financial results for 2000 through 2002, we have been engaged in a continuous process of restructuring through changes affecting, among other things, governance, corporate culture, internal controls, accounting practices and disclosure. All of our named executive officers have been hired since the commencement of that process. As is typical in such periods of transition, uncertainties amongst executive officers are greater than they otherwise would be. We believe the protections provided by these employment agreements (such as guaranteed incentives and special termination benefits) are necessary to our ability to recruit and retain the talent we need for the restructuring process.

Evaluating and Targeting Executive Compensation

A number of factors are taken into consideration during the annual process to evaluate and set target compensation for the named executive officers, including: the individual’s current compensation versus the competitive market; the individual’s historical compensation progression from the perspective of both target compensation for a specific year and actual compensation received; the individual’s historical performance and potential; the individual’s contributions and strategic impact on our performance; the availability of qualified candidates in both the external and internal labor pools; and the risk that competitors may target the named executive officer.

To evaluate the named executive officer’s current compensation versus the competitive market, we review the compensation of executives in comparable positions at companies that are either in a similar line of business or are otherwise comparable for purposes of recruiting and retaining individuals with the requisite skills and capabilities. We refer to this group of companies as the Comparator Group.

We review and discuss the composition of the Comparator Group on an annual basis with the CHRC and Hewitt, the CHRC’s compensation consultant. In determining which companies to include in the Comparator Group, we examine several criteria, including the relevant labor market for talent and those companies with which we compete for investment capital. To reflect the investment capital criterion, we examine those companies competing in the mortgage-backed securities sector. To reflect the relevant labor market, we examine industry segments and companies from which we have recruited and to which we have lost officer talent. For a more detailed discussion of the CHRC’s role in the annual process of evaluating, recommending and approving

compensation for the named executive officers and the role of Hewitt, see “Corporate Governance — Interaction with Compensation Consultants.”

A significant secondary factor that we take into account in determining the composition of the Comparator Group is organization scope. This factor focuses on companies in the relevant industry sectors that are comparable in asset/revenue size, operational scope, market capitalization, and profitability. Also relevant is the selection of companies from which we have the ability to obtain high quality, reliable, and consistent compensation data.

After considering these criteria, the CHRC selected the following companies in November 2005 as the Comparator Group for purposes of competitive compensation market analysis in 2006:

American Express	J.P. Morgan Chase
American International Group	Lehman Brothers
Bank of America	MBNA Corp.
Capital One Financial Corporation	MetLife
Citigroup	SLM (formerly known as Sallie Mae)
Countrywide	State Street
Fannie Mae	Suntrust Banks
Fifth Third Bancorp	U.S. Bancorp
Ford Motor Credit	Wachovia
Hartford Financial Services Group	Wells Fargo

We are not able to use the Comparator Group to benchmark compensation for all named executive officers. For example, we do not use the Comparator Group when comparable executive positions do not exist in the Comparator Group or when available data are incomplete. In those instances, we use data from alternative widely used survey sources for financial services companies. In those cases in which the alternative survey sources do not identify executive positions comparable to our positions, we set compensation targets based on our best estimate of the relative scope and responsibilities of the position as compared to the scope and responsibilities of comparable positions within Freddie Mac for which survey data exist. For Ms. Cook’s position, Executive Vice President, Investments and Capital Markets, a reasonable match and/or sufficient data are not available in the Comparator Group.

The CHRC applied the compensation philosophy and criteria described above at its May 31 – June 1, 2006 meeting to set 2006 target total direct compensation for the named executive officers other than Mr. Pizel, who had not yet joined the company. This target-setting process usually occurs at the CHRC’s meeting during the first quarter of the year. However, the target-setting process for 2006 was delayed until after we released our 2005 financial results. The following table shows the named executive officers’ target total direct compensation for 2006.

	Base Salary	Target Bonus Expressed as Percentage of Annualized Base Salary	2006 Target Bonus ⁽¹⁾	Target Long-Term Equity Award for 2006 Performance ⁽²⁾	2006 Target Total Direct Compensation
Mr. Syron	\$1,100,000	240%	\$2,640,000	\$8,800,000	\$12,540,000
Mr. McQuade	\$ 900,000	180%	\$1,620,000	\$6,000,000	\$ 8,520,000
Mr. Pizsel ⁽³⁾	\$ 650,000	n.a.	\$1,007,500	\$3,000,000	\$ 4,657,500
Ms. Cook	\$ 600,000	333%	\$2,000,000	\$2,400,000	\$ 5,000,000
Mr. Smialowski	\$ 550,000	155%	\$ 850,000	\$1,800,000	\$ 3,200,000
Mr. Baumann ⁽⁴⁾	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Actual 2006 bonus payouts, paid in March 2007, for each named executive officer are shown in the Summary Compensation Table under "Bonus" and are discussed further under "2006 Annual Bonus Compensation" below.

(2) Actual long-term equity incentives awarded in respect of performance during 2006, granted in March 2007, will be reported in our 2008 proxy statement and are shown below under "2006 Long-Term Equity Awards."

(3) Mr. Pizsel joined Freddie Mac on November 13, 2006 and his base salary reflects an annualized amount, as provided in his employment agreement. Mr. Pizsel's target bonus is a fixed dollar amount and would not change in the event his base salary is changed.

(4) Mr. Baumann resigned his position as Executive Vice President, Finance and Chief Financial Officer effective March 21, 2006.

At the May 31 – June 1, 2006 meeting, at which the 2006 total direct compensation targets were approved, the CHRC requested that management eliminate the economic discount used in converting the approved dollar value of long-term equity awards into a specific number of RSUs. To offset the elimination of the economic discount, the CHRC adjusted upward the long-term incentive targets. This change did not result in additional cost to the company and did not provide employees with greater value. See "RSUs — Valuation of RSUs" below for more information concerning the elimination of the economic discount.

After considering a number of factors, including those set forth under "Compensation Philosophy and Objectives," the CHRC set 2006 target total compensation for four of the named executive officers who are currently employed by Freddie Mac generally below, and for one modestly above, the median level of total direct compensation for comparable executives throughout the Comparator Group, or, in the case of Ms. Cook, the alternate survey source.

Consistent with our compensation objective of rewarding good performance, for any individual executive officer, the CHRC also considers the executive's performance and those factors discussed under "Compensation Structure" below when setting target total direct compensation. In setting 2006 target total direct target compensation for our named executive officers, in addition to reviewing competitive compensation data, the CHRC reviewed, discussed, and considered an assessment of the named executive officer's performance during the prior year, Freddie Mac's benefit obligations to the named executive officer (both current and estimated values upon retirement), the named executive officer's beneficial ownership levels of Freddie Mac common stock, and the value of the named executive officer's outstanding long-term equity awards. In the process of setting 2006 target total direct compensation for the Chief Executive Officer and the President and Chief Operating Officer, the CHRC also reviewed the treatment of compensation elements in the event of various termination scenarios.

In December 2006, prior to the determination of bonus payouts and equity awards for 2006, the CHRC again reviewed the major components of each named executive officer's compensation, including base salary, annual bonus opportunity and long-term incentive targets, retirement

programs, health and welfare benefits, and perquisites. The information presented to the CHRC in December 2006 included, but was not limited to, the following:

- A “tally sheet” of total 2005 and 2006 compensation and benefits paid to, or accrued for, each of the named executive officers
- The grant date value of all stock options and RSUs awarded in 2005 and 2006
- The estimated year-over-year (2005 and 2006) actuarial increase in qualified and non-qualified pension benefits
- The value of all outstanding equity awards, which includes all unvested RSUs, unvested stock options and unexercised vested stock options
- Freddie Mac’s annual cost of providing life insurance, disability insurance, and medical insurance to each named executive officer
- The annual interest accrual for participants in the Executive Deferred Compensation Plan
- The estimated value and summary of various perquisites received
- The estimated potential value of compensation due if a named executive officer had been terminated by Freddie Mac on December 31, 2006 for reasons other than “for cause”

Management’s presentation of the value of outstanding equity awards was intended to provide the CHRC with a perspective on the “at risk” pay that a named executive officer would forfeit if he or she were to voluntarily terminate his or her employment with Freddie Mac. This value also provides the CHRC with a perspective of a competitor’s potential cost if it were successful in an attempt to recruit one of our named executive officers and compensate such officer for forfeited equity. We consider each of these perspectives important when evaluating the retention risk for a named executive officer, setting target compensation, and recommending actual awards.

Executive pay and benefits are not increased because the value of previously granted stock awards has declined and are not decreased because the value of such awards has increased.

Compensation Structure

Our pay-for-performance philosophy is implemented by offering the named executive officers competitive base salaries, annual bonus opportunities, and long-term equity incentive opportunities. The named executive officers may also receive certain perquisites and other benefits and are required to maintain an ownership stake in Freddie Mac.

Base Salary

As discussed under “Evaluating and Targeting Executive Compensation” above, the base salaries of our named executive officers, including the Chairman and Chief Executive Officer and the President and Chief Operating Officer, are broadly based on salaries for comparable positions in the market. Base salaries take into consideration base salaries of comparable positions in the Comparator Group or the alternate survey source, as applicable, and also reflect the named executive officer’s job performance, future potential, scope of responsibilities and experience. For each of the named executive officers, base salaries are consistent with the terms of his or her respective employment or letter agreement and are reviewed annually.

The base salaries of Messrs. Syron, McQuade and Pizel and Ms. Cook are the amounts that were negotiated as part of their original employment arrangements. Mr. Smialowski's base salary was increased by the CHRC on June 1, 2006 (effective March 1, 2006), after a review of his individual performance and positioning of his target total direct compensation against competitive market data.

Annual Bonuses

Our annual cash bonus program seeks to motivate our named executive officers, including the Chief Executive Officer and the President and Chief Operating Officer, to work effectively to achieve both our annual corporate performance objectives and their individual performance objectives and to reward them based on achievement against such objectives.

The determination of the actual bonus payable to our named executive officers occurs at the end of an annual cycle that consists of several stages. For 2006, the first stage occurred at the March 2006 CHRC meeting where, based upon recommendations from management, the CHRC both approved the 2006 Bonus Funding Scorecard and concurred with an aggregate amount of funding to be made available for 2006 bonuses if all objectives on the 2006 Bonus Funding Scorecard were achieved. The 2006 Bonus Funding Scorecard contained a balanced set of performance measures that integrate Freddie Mac's perennial and annual objectives.

The 2006 Bonus Funding Scorecard included the following performance areas and related objectives:

- **Mission.** This objective consisted of specific U.S. Department of Housing and Urban Development goals and subgoals for the percentage of mortgages purchased by Freddie Mac that fall into the categories of low/moderate income, underserved areas, and special affordable housing. See "Regulation and Supervision — Department of Housing and Urban Development — Housing Goals" in our Annual Report for a more detailed discussion of these goals and subgoals. All of the Mission goals for 2006 were extremely challenging to achieve.
- **Shareholder Value.** This objective consisted of accomplishing a number of specific financial goals. In developing the performance thresholds and/or targets, management made aggressive assumptions regarding portfolio growth and profitability, knowing that these would be very challenging to achieve due to significant external pressures and internal infrastructure challenges. These measures were established prior to our voluntary adoption of limits on the growth of our retained portfolio. This section of the 2006 Bonus Funding Scorecard was referred to as the "Stretch Financial Plan" and contained specific performance thresholds and/or ranges, including:
 - Growth of adjusted fair value. Adjusted fair value is an internal measure used to assess performance with respect to those drivers of fair value results that we actively seek to manage. See our Annual Report under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Consolidated Fair Value Balance Sheets Analysis" for more information.
 - Change in fair value. During the year ended December 31, 2006, the fair value of net assets attributable to common stockholders increased by \$2.6 billion. Our Annual Report discusses the changes in fair value and management's expectations concerning

long-term fair value growth under “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Consolidated Fair Value Balance Sheets Analysis.”

- Return on equity for new business in both the guarantee and retained portfolios.
- Achieving a specific market share in the government-sponsored enterprise market.
- Achieving a specific market share in the conventional conforming mortgage market.
- Accomplishing a specific growth goal for our guarantee portfolio.
- Accomplishing a specific growth goal for our retained portfolio.
- Deploying Freddie Mac’s economic capital in an amount greater than or equal to the regulatory minimum capital on new business. Economic capital represents the estimate of capital required to withstand severe business, economic and operational conditions based on management’s assessment of risk.
- **Financial Reporting.** This objective consisted of filing an unqualified minimum capital report with OFHEO and returning to timely financial reporting.
- **Employee Engagement.** This objective focused on our ability to recruit and retain strong performers and improving our retention of critical talent.
- **Risk Management and Controls.** This objective consisted of improvements in our operational controls and risk management processes.
- **Touch More Loans.** This objective included enhancing our retention and disposition capabilities for non-standard mortgage products.

Management designed the 2006 Bonus Funding Scorecard objectives with the understanding that achieving the performance goals would require not only significant financial performance by the company, but also the achievement of a number of other goals that would be quite difficult to accomplish. Some of these goals were stretch objectives that would require substantial creativity and innovation in order to be successful. Management acknowledged that there was a significant possibility that several of the objectives would not be achieved, in some cases for reasons beyond the control of the company. Nonetheless, management wanted to establish very aggressive goals. See “— 2006 Annual Bonus Compensation” below for more information regarding our assessment of performance under the 2006 Bonus Funding Scorecard.

Some of the performance criteria in the 2006 Bonus Funding Scorecard cannot be precisely quantified. Furthermore, to some extent the achievement of one particular corporate goal can affect the company’s ability to achieve one or more other goal(s), depending on financial market conditions. For example, maximizing some of the shareholder value metrics can, at least in some cases, be inconsistent with achieving some of the Mission goals (such as increasing the percentages of mortgages purchased in certain HUD-defined categories) that we are mandated to achieve as part of our federal charter or by our regulators.

Management recommended to the CHRC at its March 2006 meeting that an aggregate amount of funding for the 2006 bonus pool be established, which was based on a total dollar amount available for funding bonuses to all employees eligible for bonuses, including the named executive officers. The CHRC concurred with this funding level and with guidelines for adjusting the funding

level based on changes in employee demographics, such as additional employees becoming eligible for annual bonuses.

The next stage in setting 2006 bonuses for the named executive officers consisted of setting specific target bonuses, expressed as a percentage of base salary. The process of setting bonus targets for 2006 occurred at the CHRC meeting on May 31 and June 1, 2006. At this same meeting, annual bonus payouts and long-term equity awards for performance during 2005 were determined, base salaries for 2006 were established, and long-term incentive targets for performance during 2006 were set. Accordingly, the setting of annual bonus targets for 2006 was part of an integrated discussion by the CHRC, which took into account an evaluation of 2005 performance and the other key elements of compensation that applied to 2006.

The CHRC determined to increase the annual bonus target percentages for Messrs. Syron, McQuade, and Smialowski and Ms. Cook from the respective 2005 annual bonus target levels based on an evaluation of their performance for 2005 and the positioning of their target total direct compensation versus competitive market levels. The increases in Messrs. Syron's and McQuade's 2006 bonus targets were conditioned on their executing waivers to their employment agreements so that their potential payments upon termination of employment (which, in some cases, take into account target bonuses) would be calculated based on the bonus target in their respective employment agreements, not the increased 2006 bonus targets. In setting 2006 bonus targets, the CHRC took into account the competitive market data which indicated that, even after the increases in bonus targets, the target total direct compensation for these officers would be at or below the median of total direct compensation for executives in comparable positions at companies in the Comparator Group.

2006 Annual Bonus Compensation

With respect to objectives on the 2006 Bonus Funding Scorecard, at the February 1, 2007 CHRC meeting, management reported that the company exceeded its objective to improve the retention of critical talent. Regarding our Mission goals, management reported that the company exceeded all three of the 2006 annual housing goals and the multifamily subgoal, and two of the three home purchase subgoals established by HUD. Of the single-family, owner-occupied home purchase mortgages we financed in 2006, 16.93% were affordable to low-income families in low-income areas or to very low-income families, which narrowly missed the 2006 special affordable housing subgoal target of 17%. Management attributed this shortfall to difficult market conditions, including a rise in interest rates in the wake of a prolonged period of rapid house price appreciation. We substantially achieved the Touch More Loans objective to enhance the retention and disposition capabilities for non-standard mortgage products. With respect to Risk Management and Control, we completed the majority of our performance objectives and made substantial progress on the rest. With respect to Financial Reporting, we did not achieve the objective of returning to timely financial filing, but made substantial progress towards achieving this goal. With respect to the Stretch Financial Plan, we were not able to achieve all of the objectives. However, our ability to achieve these objectives became increasingly difficult throughout the year because of strategic decisions that were taken in an effort to achieve the Mission goals and maintain appropriate market share.

After reviewing and discussing the information presented by management, the CHRC concurred that the assessment of company performance should be "below plan." However, the

Compensation Discussion and Analysis

CHRC determined that the company was substantially better positioned at year-end 2006 than it was at December 2005 and substantial progress was achieved during the year relative to Scorecard objectives where the company failed to achieve all of the designated performance measures. In reaching this conclusion, the CHRC also considered the following:

- The entirety of corporate performance, including both accomplishments captured on the 2006 Bonus Funding Scorecard and other achievements not addressed on the Scorecard;
- Market conditions during 2006; and
- The degree of difficulty in achieving all of the elements for the six objectives in the 2006 Bonus Funding Scorecard.

Additionally, the CHRC considered Freddie Mac's results versus the objectives in light of the unique business conditions under which the company operates. Freddie Mac's objectives require the company to manage the delicate balance of optimizing the annual shareholder value performance measures, making business decisions that allow us to meet our Mission goals and are in the best long-term interest of the company, and executing against annual objectives that take into account the guidance from our regulatory oversight agency. After discussing management's recommendation, the CHRC approved a bonus funding level that incorporated a moderate reduction of the projected bonus pool had the company achieved all its objectives.

Individual 2006 annual cash bonus payments were based on an assessment of each executive officer's business results and leadership effectiveness, as described below.

Messrs. Syron and McQuade. The cash bonuses awarded to the Chairman and Chief Executive Officer and the President and Chief Operating Officer for 2006 reflect the CHRC's determination with respect to Messrs. Syron's and McQuade's individual leadership and performance displayed throughout the year, as well as our performance relative to the objectives on the 2006 Bonus Funding Scorecard. The CHRC concluded that the leadership of both executives was a key factor in the Company's significant accomplishments under challenging circumstances. It also noted that, in the aggregate, the metrics on the Bonus Funding Scorecard, a summary of which is set forth above, were rated "below plan" for the year. As a result, the CHRC decided to award (i) to Mr. Syron a bonus of \$2,400,000, an amount lower than his bonus target, and (ii) to Mr. McQuade a bonus of \$1,500,000, an amount lower than his bonus target.

Mr. Pizsel. For Mr. Pizsel, the cash bonus paid is consistent with the terms of his employment agreement.

Ms. Cook. For Ms. Cook, the cash bonus paid reflects the CHRC's determination with respect to her individual leadership and performance displayed throughout the year, as well as our performance relative to the objectives on the 2006 Bonus Funding Scorecard. While some of the financial objectives of the Investment and Capital Markets Division were not achieved, the CHRC recognized that Ms. Cook's strategic decisions and the initiatives taken by the Division in response to market conditions allowed Freddie Mac to optimize the opportunities presented by the market. Ms. Cook was also recognized for the resources and support she offered to advance our progress with respect to the Financial Reporting objective and the additional responsibilities she undertook, including all sourcing for both single family and multifamily loans. As a result, the CHRC decided to award Ms. Cook a bonus of \$2,300,000, an amount greater than her bonus target.

Mr. Smialowski. For Mr. Smialowski, the cash bonus paid reflects the CHRC's determination with respect to his individual leadership and performance displayed throughout the year, as well as our performance relative to the objectives on the 2006 Bonus Funding Scorecard. The CHRC also took into consideration the Operations and Technology Division's performance relative to its objectives. The CHRC recognized that Mr. Smialowski's leadership and knowledge led to improvements in the quality of business decisions and strategic solutions. As a result, the CHRC decided to award Mr. Smialowski a bonus of \$975,000, an amount greater than his bonus target.

2006 Long-Term Equity Awards

A significant portion of our named executive officers' compensation is in the form of long-term equity awards, to ensure that the executive officers' financial interests are well aligned with the long-term interests of our stockholders. Following our annual review of "best practices" in executive compensation in 2005, we implemented stock ownership guidelines, which are discussed in more detail under "Stock Ownership Guidelines" below. In addition, long-term equity compensation is a key component of our compensation structure that enables us to motivate leaders and key employees and encourage them to provide long-term service.

Awards consist of RSUs, stock options, or both, and full entitlement to such awards generally requires service over a vesting period of four years. For performance in 2006, the only awards we granted to named executive officers were RSUs. As discussed below under "RSUs," a portion of these RSUs are subject to a performance-based vesting condition. The value of the equity awards increases or decreases with changes in the value of Freddie Mac stock. The equity awards thus focus executives on improving the long-term value of Freddie Mac through continued service subsequent to the date of the award. On an annual basis, management provides the CHRC with an overview of its proposed strategy, delivery methods, and utilization with respect to long-term equity awards.

The value of the long-term equity awards made to each of the named executive officers in March 2007 in respect of 2006 performance was based on a number of factors, including:

- The executive's performance and contribution
- The executive's potential for making future contributions
- The engagement and retention of the executive
- Criticality of the executive's skills
- The executive's total direct compensation compared to competitive market levels, and
- The performance of the company against the 2006 Bonus Funding Scorecard.

The following table summarizes information with respect to the long-term equity award opportunities afforded the named executive officers for performance during 2006:

	For Performance During 2006 ⁽¹⁾	
	Target	Actual Award
Mr. Syron	\$8,800,000	\$8,600,000
Mr. McQuade	\$6,000,000	\$5,725,000
Mr. Pizsel	\$3,000,000	\$3,000,000
Ms. Cook	\$2,400,000	\$2,763,000
Mr. Smialowski	\$1,800,000	\$2,233,000
Mr. Baumann ⁽²⁾	n.a.	n.a.

- (1) The long-term equity awards in respect of performance during 2006 were granted in March 2007 and will also be reported in our 2008 proxy statement.
- (2) Mr. Baumann's termination arrangements, which were approved in March 2006, did not include a long-term equity award in 2006.

Mr. Syron. The terms of Mr. Syron's employment agreement provide that he will be granted a long-term equity award each year during his employment with a value of \$8,800,000. After evaluating the company's performance in 2006 relative to the objectives on the 2006 Bonus Funding Scorecard, the CHRC determined that Mr. Syron's 2006 long-term equity award value should be \$8,600,000, which is less than the guaranteed minimum value in Mr. Syron's employment agreement. In order to implement this action, Mr. Syron agreed to waive his right to receive the guaranteed amount. See "Executive Compensation — Employment and Separation Agreements — *Richard F. Syron.*"

Mr. McQuade. The terms of Mr. McQuade's employment agreement provide that he will be granted a long-term equity award each year during his employment with a value of \$6,000,000. After evaluating the company's performance in 2006 relative to the objectives on the 2006 Bonus Funding Scorecard, the CHRC determined that Mr. McQuade's 2006 long-term equity award value should be \$5,725,000, which is less than the guaranteed minimum value in Mr. McQuade's employment agreement. In order to implement this action, Mr. McQuade agreed to waive his right to receive the guaranteed amount. See "Executive Compensation — Employment and Separation Agreements — *Eugene M. McQuade.*"

Mr. Pizsel. Mr. Pizsel's employment agreement guarantees that the long-term equity award granted to him in 2007 will be no less than \$3,000,000. This guarantee is designed to take into account the long-term incentive opportunity that Mr. Pizsel forfeited at his prior employer in order to join Freddie Mac. See "Executive Compensation — Employment and Separation Agreements — *Anthony S. Pizsel.*"

Ms. Cook. Ms. Cook's target long-term equity award for 2006 was set after the CHRC considered the factors discussed under "Evaluating and Targeting Executive Compensation" above. Her actual award for 2006 took into consideration her individual leadership and performance displayed throughout the year. While her actual award for 2006 is greater than the target, approximately \$191,000 of the actual award amount is attributable to the elimination of the economic discount and the CHRC's intention to keep this economically neutral for Ms. Cook. See "Executive Compensation — Employment and Separation Agreements — *Patricia L. Cook.*"

Mr. Smialowski. Mr. Smialowski's target long-term equity award for 2006 was set after the CHRC considered the factors discussed under "Evaluating and Targeting Executive

Compensation” above. His actual award for 2006 took into consideration his individual leadership and performance displayed throughout the year. While his actual award for 2006 is greater than the target, approximately \$144,000 of the actual award amount is attributable to the elimination of the economic discount and the CHRC’s intention to keep this economically neutral for Mr. Smialowski. See “Executive Compensation — Employment and Separation Agreements — *Joseph A. Smialowski*.”

RSUs

General. An RSU represents a conditional contractual right to receive one share of our common stock at a specified future date subject to certain restrictions (*i.e.*, the vesting period). The underlying stock is not issued until the time restrictions lapse, at which time the RSU is settled or, if previously elected by the grantee, deferred. See “Other Executive Benefits, including Perquisites and Retirement Benefits — Executive Deferred Compensation and Supplemental Executive Retirement Plan” below for more information regarding the deferral of RSUs. In the event a cash dividend is declared and paid on our common stock, holders of RSUs will receive dividend equivalents, paid out in cash promptly after the payment date for such dividend, equal to the number of RSUs held by the executive officer multiplied by the dividend paid on each outstanding share of our common stock. RSUs do not have voting rights because they are not considered legally issued or outstanding shares.

RSUs granted as part of annual long-term equity awards generally vest in four installments at the rate of 25% on each anniversary of the grant date. Of the awards of RSUs made to our named executive officers in March 2007, 25% are subject to an additional performance vesting criterion. The satisfaction of this requirement will be determined in the sole discretion of the CHRC. In order for these RSUs to be considered earned, the CHRC must determine that management has improved our competitive position when considering our shareholders, Mission objectives, and safety and soundness. If earned, these RSUs will be subject to the same time-based vesting as the other RSUs held by our named executive officers and will vest with respect to 25% of the award in March 2008, 2009, 2010 and 2011.

Valuation of RSUs. In awarding RSUs to executive officers for the annual award in 2005 and previous years, the CHRC first set the dollar value of the RSUs to be awarded. The number of RSUs awarded to each executive officer was then calculated by dividing the dollar amount of the award by the discounted value of a share of our common stock on the date of grant. The discount reflected the risk of forfeiture during the restricted period and was applied to the fair market value of our common stock on the date of grant. The CHRC’s independent compensation consultant advised that the use of an economic discount was not an uncommon practice to convert the dollar amount of a long-term incentive award into a specific number of RSUs. The economic discount conversion methodology was only applicable to the annual long-term equity awards.

In 2006, the CHRC decided to eliminate the use of the economic discount and requested that management develop an economically neutral transition plan in order to minimize the impact of the elimination of the discount on award recipients. The transition methodology designed by management resulted in the value of the RSU portion of the long-term equity award being adjusted upwards by approximately 11% for all named executive officers other than Messrs. Syron and McQuade. This transition methodology resulted in an economically neutral outcome from the company’s perspective. It did not result in additional cost to the company and did not provide the

employee with greater value, because the upward adjustment of the long-term equity award targets was offset by the elimination of the economic discount.

On a going-forward basis, this transition methodology will not be applicable to Messrs. Syron and McQuade, who requested not to have their target long-term equity awards adjusted upward. Additionally, this adjustment will not be applicable to individuals with an employment agreement which sets forth a defined dollar value for the annual long-term equity award.

Stock Options

General. Each stock option entitles its holder to purchase one share of our stock at its fair market value on the date that the option was granted. Stock options granted as part of long-term incentive awards generally vest in four installments at the rate of 25% on each anniversary of the grant date. For example, the stock options granted to executive officers in June 2006 will vest with respect to 25% of the award in June 2007, 2008, 2009, and 2010.

Valuation of Stock Options. To determine the number of stock options for the annual award, the CHRC first sets the dollar amount of stock options to be awarded. On the grant date, that dollar amount is converted into a number of shares of common stock subject to the stock option using the Black-Scholes model for the valuation of stock options. The exercise price of stock options is equal to the fair market value of a share of our common stock on the grant date. At the time of the June 2006 grant of stock options, fair market value was defined by the 2004 Stock Compensation Plan, or the 2004 Employee Plan, as the average of the high and low prices of a share of our common stock on the grant date as reported in *The Wall Street Journal's* composite transactions table for New York Stock Exchange listed securities. The CHRC approved an amendment on December 7, 2006 to the 2004 Employee Plan to change the definition of fair market value which is used for purposes of determining the exercise price of stock options, from the average of the high and low prices to the closing price of our stock on the date of grant. Future option grants will be issued using the revised definition of fair market value.

Proportion of Long-Term Incentives Awarded in RSUs and Stock Options

The CHRC increased the proportion of the value of long-term incentives awarded in RSUs, as compared to stock options, beginning with awards for performance in 2006. Pursuant to CHRC action in March 2007, named executive officers currently receive 100% of the value of their long-term incentives in the form of RSUs and no stock options. For awards made in 2007 for performance during 2006, 75% of the RSUs received by our named executive officers are subject to time-based vesting only, and the remaining 25% are subject to additional performance-based vesting criteria. If the performance-based vesting criteria are satisfied, these RSUs become subject to the same time-based vesting of the remaining 75% of the RSUs granted to our named executive officers. The CHRC's decision to modify the mix between RSUs and options as part of its annual review of executive compensation and the overall mix of pay for our named executive officers took into account several factors, including the increased retention value of RSUs versus stock options, the accounting charges now associated with stock options and competitive market practices at both the companies in the Comparator Group and the financial services industry, which indicated an increased trend toward the greater use of restricted stock/restricted stock units. A primary consideration in the increased utilization of RSUs was the CHRC's conclusion that during our

ongoing restructuring period, an increased emphasis on RSUs better achieved a number of internal objectives including:

- Motivating leaders and key employees and encouraging them to provide long-term service without undue focus on short-term changes in stock price; and
- Increasing the immediate “at risk” equity value to assist in maximizing retention to maintain stability in leadership and key contributor roles.

Other Executive Benefits, including Perquisites and Retirement Benefits

Generally Available Benefits

Health and Welfare Plans

The named executive officers are eligible to participate in employee benefit programs and plans that are generally available to all full-time and part-time employees (subject to fulfilling certain eligibility requirements). These include benefits such as our active employee health and welfare plans (including medical, dental, vision, group life insurance, accidental death and personal loss insurance and employee assistance benefits), as well as other programs such as our employee stock purchase plan. In designing these benefits we seek to provide an overall level and mix of benefits that is competitive with those offered by companies in our Comparator Group.

Tax-Qualified Defined Benefit and Defined Contribution Retirement Plans

The named executive officers are eligible to participate in our broad-based tax-qualified retirement and savings plans (the Pension Plan and the Thrift/401(k) Savings Plan), on the same terms as other employees. For additional information on these two plans, including the present value of accumulated benefits under the Pension Plan for each of the named executive officers, see the “Summary Compensation” and “Pension Benefits” tables and narrative disclosures in the “Executive Compensation” section below.

Executive Deferred Compensation and Supplemental Executive Retirement Plan

The named executive officers are eligible to participate in the Freddie Mac 2002 Executive Deferred Compensation Plan, or the Executive Deferred Compensation Plan, which allows them to elect to defer all or a portion of their annual salary and cash bonus and the settlement of their RSUs received under our stock plan. None of our named executive officers participated in the Executive Deferred Compensation Plan in 2006.

The named executive officers are also eligible to participate in the Freddie Mac Supplemental Executive Retirement Plan (SERP). This plan has two components, which correspond to each of the Pension Plan and the Thrift/401(k) Savings Plan. The SERP Restoration Benefit provides participants with the full amount of benefits to which they would have been entitled under the Pension Plan if the plan (1) was not subject to certain limits on compensation and benefits that can be taken into account under the Internal Revenue Code and (2) did not exclude from compensation amounts deferred under our Executive Deferred Compensation Plan. The SERP Make-Up Contribution provides participants with the full amount of benefits to which they would have been entitled under the Thrift/401(k) Savings Plan if the plan (1) was not subject to certain limits under the Internal Revenue Code and (2) did not exclude from compensation amounts deferred under our Executive Deferred Compensation Plan. We believe this is an appropriate benefit

Compensation Discussion and Analysis

because it generally places the executive in the same position as other employees who are not affected by the Internal Revenue Code limits. Such a benefit is common among companies in our Comparator Group.

For specific information on the accruals and earnings under the Make-Up Contribution under the SERP for each of the named executive officers, see the “Non-qualified Deferred Compensation” table and accompanying narrative disclosures below. For a summary of our pension benefit obligations to the named executive officers, including under our tax-qualified pension plan and the Restoration Benefit of the SERP, see the “Pension Benefits” table and narrative disclosures below.

Perquisites and Additional Life and Disability Insurance Payments

Certain perquisites are made available to named executive officers. These include financial planning services, relocation reimbursements and related tax gross ups, home security systems, personal use of a car and driver for commuting transportation in the Washington, D.C. area and related tax gross ups, payment of spousal business travel and dining costs for business purposes and related tax gross ups. These types of perquisites are common among executives in our industry. In addition, providing them as perquisites (as opposed to increasing base salary in an amount designed to compensate for the loss of these perquisites) avoids the increase that would otherwise occur in certain other benefit costs that are based on the level of an executive’s base salary. Further details regarding these perquisites are contained in the Summary Compensation Table and accompanying footnotes. The Summary Compensation Table also details certain payments for life and disability insurance made on behalf of the named executive officers.

Post-Termination Compensation

The named executive officers may receive certain payments or benefits at, following, or in connection with a change in control of Freddie Mac, a change in the named executive officer’s responsibilities, or a named executive officer’s termination, including resignation, severance, retirement or constructive termination. These payments are described in detail in “Executive Compensation — Potential Payments Upon Termination or Change in Control” and “Executive Compensation — Employment and Separation Agreements”, where the specifics of the employment agreement or separation arrangement applicable to each named executive officer are explained.

The termination provisions differ significantly among the named executive officers, all of whom have employment agreements with us. These differences grew out of the different negotiations that occurred with respect to the employment of the named executive officers, all of whom were hired between December 31, 2003 and November 15, 2006. In light of the restructuring efforts that began in 2003 and which are still underway and the relatively late stages in their careers of some of our new named executive officers, it was not unexpected that a condition of their accepting employment was our provision of significant protections if their employment is terminated without cause or they terminate for good reason during the early years of their employment with us.

There are differences among the agreements regarding the magnitude of the payments to be provided in the event of certain terminations that reflect, among other things, the degree to which these issues were critical to the particular executive.

Compensation Committee Discretion

The CHRC retains the discretion to decrease all forms of incentive payouts based on significant individual or company performance, subject, in certain cases, to the terms of a named executive officer's employment agreement. Likewise, the CHRC retains the discretion to increase payouts and/or consider special awards for significant achievements.

Timing of Equity Grants

Management annually recommends to the CHRC (or the Audit Committee in the case of the General Auditor) the effective date of grant for the annual long-term equity incentive award to all eligible employees, including named executive officers. In selecting the effective date, management considers, based on discussions with our Legal Division, the timing of the release of material, non-public information and other risks. If there is no material non-public information pending, then the effective date is the date of the meeting at which the award is approved by the CHRC or Audit Committee. If there is material non-public information pending, the effective date of grant is deferred until at least three business days after the public announcement and release of the material non-public information. Neither management nor the CHRC have in the past or plan in the future to time the release of material non-public information for the purpose of affecting the value and amount of equity incentive awards.

With respect to stock-based incentive awards other than annual awards, and subject to the deferral of effective dates of grant for at least three business days in the case of pending material non-public information, management recommends to the CHRC (or the Audit Committee in the case of the General Auditor) that the effective date of grant be the date of the meeting at which the award is approved by the CHRC or the Audit Committee. Notwithstanding the preceding sentence, (a) in the case of sign-on awards, management recommends to the CHRC or Audit Committee that the effective date of grant be the date of the next regular meeting of the CHRC or Audit Committee, respectively, following both the CHRC's or Audit Committee's approval and the individual's first date of employment, and (b) if an employment agreement or other contractual obligation approved by the CHRC or the Audit Committee specifies an effective date of grant for an award, the award is effective on that date. If an employment agreement or other contractual obligation requires an award but does not specify a grant date (*e.g.*, the agreement includes a "pay by" date), management recommends to the CHRC or Audit Committee that the effective date of grant be either the effective date of grant for the annual award to executive officers or the date of the regular meeting immediately prior to the date required by such employment agreement or contractual obligation.

Adjustment or Recovery of Awards

Our standard RSU and stock option award agreements provide that any unvested RSUs and any unexercised stock options, whether or not vested, would be immediately canceled and forfeited and that the recipient would be required to repay all gains recognized upon the vesting of RSUs or exercise of our stock options under the award in the event that the employee seeks or accepts employment with a competitor to us. Under Section 304 of the Sarbanes-Oxley Act, if we are required to restate our financials due to material noncompliance with any financial reporting requirements as a result of misconduct, our Chief Executive Officer and our Chief Financial Officer must reimburse us for (1) any bonus or other incentive-based or equity-based compensation received during the 12 months following the first public issuance of the non-complying document,

and (2) any profits realized from the sale of our securities during those 12 months. Additionally, OFHEO could require us to seek to include language regarding adjustments or return of prior stock awards in employment agreements we may seek to enter into in the future.

Stock Ownership Guidelines

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 herein and in “Proposal 1: Election of Directors — Board Compensation”. We believe that stock ownership by our directors and executive officers aligns their interests with the long-term interests of our stockholders.

Effective as of January 31, 2006, we expect our Chief Executive Officer and our President and Chief Operating Officer to own, within four years of each such officer’s date of hire or promotion, as appropriate, Freddie Mac stock with a fair market value equal to five times such officer’s annual base salary. We also expect, within four years of the date of hire or promotion to executive officer, our other executive officers to own Freddie Mac stock with a fair market value equal to three times such officer’s annual base salary. Each of our executive officers, including our Chief Executive Officer and our President and Chief Operating Officer, will be treated as complying with this stock ownership requirement, even if the officer does not otherwise meet the requirement, if the officer:

- retains all Freddie Mac stock the officer owned as of January 31, 2006;
- retains all restricted stock units (net of shares withheld for taxes) for which the restrictions have lapsed; and
- retains all restricted stock units (net of shares withheld for taxes) for which the restrictions lapse in the future.

For information on our stock ownership requirements for non-employee directors, see “Proposal 1: Election of Directors — Board Compensation — *Stock Ownership Guidelines*.”

EXECUTIVE COMPENSATION

Compensation Tables

Summary Compensation Table

The following table sets forth compensation information that is required to be disclosed by SEC registrants under the rules promulgated by the SEC for our Chief Executive Officer, our Chief Financial Officer, our former Chief Financial Officer and our three other most highly compensated executive officers who were serving as executive officers as of December 31, 2006. In the discussion that follows, we refer to these individuals collectively as our named executive officers. For more information on the terms of their employment, see “Potential Payments Upon Termination or Change in Control” and “Employment and Separation Agreements” below.

Name and Principal Position	Year	Salary ⁽¹⁾	Bonus ⁽²⁾	Stock Awards ⁽³⁾⁽⁷⁾	Option Awards ⁽³⁾⁽⁷⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁴⁾	All Other Compensation ⁽⁵⁾	Total
Richard F. Syron Chairman of the Board and Chief Executive Officer	2006	\$1,100,000	\$2,400,000	\$7,162,448	\$3,261,460	\$355,273	\$ 453,882	\$14,733,063
Eugene M. McQuade President and Chief Operating Officer	2006	900,000	1,500,000	3,627,289	1,088,677	193,180	338,313	7,647,459
Anthony S. Pizsel ⁽⁶⁾ Executive Vice President and Chief Financial Officer	2006	88,750	3,100,000	93,593	0	0	367,954	3,650,297
Patricia L. Cook Executive Vice President, Investments and Capital Markets	2006	600,000	2,300,000	1,118,767	533,747	221,353	123,062	4,896,929
Joseph A. Smialowski Executive Vice President, Operations and Technology	2006	541,667	975,000	776,270	308,145	148,351	70,078	2,819,511
Martin F. Baumann ⁽⁶⁾ Former Executive Vice President, Finance and Chief Financial Officer	2006	225,000	—	2,503,404	264,387	0	1,651,646	4,644,437

- (1) Mr. Pizsel’s 2006 salary of \$88,750 was attributable to the period from his employment date, November 13, 2006, through December 31, 2006, based on an annual salary of \$650,000. Mr. Smialowski’s 2006 salary of \$541,667 was attributable to his annual salary of \$500,000 from January 1, 2006 through February 28, 2006 and \$550,000 from March 1, 2006 through December 31, 2006. Mr. Baumann resigned his position as Executive Vice President, Finance and Chief Financial Officer effective March 21, 2006 and entered into a separation agreement with us, which superceded his prior letter agreements and retention agreements. Under the terms of the separation agreement, Mr. Baumann continued to serve as Executive Vice President, Special Advisor to the President and Chief Operating Officer until May 31, 2006. For more information on Mr. Baumann’s separation agreement, see “Employment and Separation Agreements — *Martin F. Baumann*” below. Mr. Baumann’s 2006 salary of \$225,000 was attributable to his employment through May 31, 2006 based on an annual salary of \$540,000.
- (2) Amounts reported for all named executive officers are for performance in 2006. Mr. Pizsel’s bonus also includes a one-time cash sign-on bonus of \$2,500,000 that is subject to repayment under certain circumstances. Under the terms of his March 21, 2006 separation agreement, Mr. Baumann did not receive a bonus for 2006 performance. The 2006 bonus amounts were approved by the CHRC on March 3, 2007 and paid on March 16, 2007. For more information on the 2006 bonus amounts, see “Compensation Discussion and Analysis — Compensation Structure — *2006 Annual Bonus Compensation*” above. For information regarding guaranteed bonuses and contractual target bonuses for Messrs. Syron, McQuade and Pizsel, see “Employment and Separation Agreements” below.

Executive Compensation

- (3) Represents the compensation cost for 2006 of all of the named executive officers' stock awards (all of which were RSUs) and stock options, respectively, outstanding in 2006, as determined under SFAS 123(R), rather than an amount paid to or realized by the executives. See NOTE 11 to the consolidated financial statements included in the accompanying Annual Report for a discussion of the assumptions made in determining 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 SFAS 123(R) amounts will ever be realized.
- (4) Amounts reported reflect only the actuarial increase in the present value of each named executive officer's accrued benefits under our Pension Plan and the Restoration Benefit of the SERP from September 30, 2005 to September 30, 2006, determined using the assumptions applied in our consolidated financial statements for the year ended December 31, 2006 and the normal retirement age of 65 specified in the Pension Plan. See NOTE 15 to the consolidated financial statements included in the accompanying Annual Report for a discussion of these assumptions. Present values are determined based on generational mortality tables developed by the Society of Actuaries' Retirement Plans Experience Committee.

The amount reported for Mr. Pizsel is zero because as of December 31, 2006 he had not met the eligibility requirements for the Pension Plan and the SERP and had not accrued any benefits. The amount reported for Mr. Baumann is zero because he was not vested in any pension benefits at the time of his termination of employment. For the remaining named executive officers, these values include amounts that the named executive officers are not currently entitled to receive because such amounts are not yet vested. The amounts reported do not include values associated with retiree medical benefits, which are generally available to all employees. For additional information concerning the Pension Plan and the SERP Restoration Benefit, see "Pension Benefits" below. For additional information concerning the SERP Make-Up Contribution, see "Non-qualified Deferred Compensation" below.

- (5) Amounts reported reflect (i) basic and matching contributions we made to our tax-qualified Thrift/401(k) Savings Plan in fiscal 2006; (ii) accruals we made pursuant to the SERP Make-Up Contribution; (iii) FlexDollars (described below); (iv) the dollar value of premiums paid by us with respect to life and disability insurance; (v) perquisites and other personal benefits received; (vi) gross-ups for the payment of taxes associated with perquisites and other personal benefits; and (vii) paid or accrued severance obligation. These amounts are as follows:

	Thrift/401 (k) Savings Plan Contributions	SERP Make-Up Accruals	Flex Dollars	Life and Disability Insurance Premiums	Perquisites	Tax Gross-Ups	Paid or Accrued Severance Obligation
Mr. Syron	\$13,200	\$229,375	\$22,344	\$167,694	\$ 15,114	\$ 6,155	\$ 0
Mr. McQuade	13,200	71,250	18,978	205,578	22,385	6,922	0
Mr. Pizsel	0	0	180	0	250,132	117,642	0
Ms. Cook	13,100	96,250	13,712	0	0	0	0
Mr. Smialowski	7,167	49,767	13,144	0	—	0	0
Mr. Baumann	12,675	89,758	5,742	0	—	3,471	1,540,000

Employer contributions to the Thrift/401(k) Savings Plan are available on the same terms to all of our employees. We match up to the first 6% of eligible compensation at 100% of the employee's contributions, with the percentage matched dependent upon the employee's length of service. Employee contributions and our matching contributions are invested in accordance with the employee's investment election and are immediately vested. In addition, we have discretionary authority to make additional contributions to our Thrift/401(k) Savings Plan, referred to as the "basic contribution," that are allocated uniformly on behalf of each eligible employee, based on a stated percentage of each employee's eligible compensation. The formula for the contribution is 2% of pay up to the Social Security wage base, which was \$94,200 for 2006, and 4% of pay above the Social Security wage base. In 2006, employees became vested in the basic contribution after five years of service.

For additional information regarding the SERP Make-Up Contribution, see "Non-qualified Deferred Compensation" below.

FlexDollars are provided under our Flexible Benefits Plan and are generally available to all employees to offset costs related to medical coverage, dental coverage, vision coverage, group term life insurance, accidental death and personal loss insurance, and vacation purchase. FlexDollars can be used to offset the cost of other benefits and any unused FlexDollars are payable as taxable income.

We provide Mr. Syron life insurance policies totaling \$10,000,000 to be paid in the event of his death and a disability policy due to be paid to Mr. Syron in the event of his disability. We provide Mr. McQuade life insurance policies totaling \$7,000,000 to be paid in the event of his death and disability coverage to provide benefits to Mr. McQuade in the event of his disability. Amounts reported reflect premiums paid on these policies in 2006. For more information regarding insurance benefits made available to Messrs. Syron and McQuade, see “Potential Payments Upon Termination or Change in Control” and “Employment and Separation Agreements” below.

Perquisites include financial planning, legal fees paid in connection with the negotiation of the executive’s employment contract, personal use of car and driver for commuting in the Washington, D.C. metro area, home security systems, spousal travel and dining for business purposes, and relocation. Perquisites are valued at their aggregate incremental cost to Freddie Mac. During 2006, the aggregate value of perquisites furnished to each of Messrs. Baumann and Smialowski was less than \$10,000.

For Mr. Pizsel, the perquisite cost reported for 2006 that exceeds the greater of \$25,000 or 10% of the total perquisite costs reported is \$225,132 for relocation expense. Aggregate incremental cost for this perquisite expense is calculated based on the actual cost of services. For more information regarding Mr. Pizsel’s relocation expense, see “Employment and Separation Agreements — *Anthony S. Pizsel*” below.

For Mr. Baumann, the amount reported under “Paid or Accrued Severance Obligation” is pursuant to his separation agreement dated March 21, 2006. This amount includes \$1,000,000 in cash with respect to a November 1, 2005 retention award and \$540,000 in severance payable over one year in semi-monthly installments, of which \$45,000 was paid in 2006. For more information, see “Potential Payments Upon Termination or Change in Control — *Martin F. Baumann*” and “Employment and Separation Agreements — *Martin F. Baumann*” below.

- (6) Mr. Pizsel became Executive Vice President and Chief Financial Officer on November 13, 2006. Mr. Baumann became Executive Vice President, Finance on April 2, 2003 and was appointed Chief Financial Officer on June 6, 2003. Mr. Baumann resigned his position as Executive Vice President, Finance and Chief Financial Officer effective March 21, 2006 and continued to serve as Executive Vice President, Special Advisor to the President and Chief Operating Officer until May 31, 2006.
- (7) Grants of RSUs include the right to receive dividend equivalents. Prior to January 1, 2006, stock options also 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 Internal Revenue Code Section 409A, the CHRC approved a modification of the terms of certain outstanding stock options granted under the 2004 Employee 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 dividend equivalents on our common stock have been declared. Beginning January 1, 2006, dividend equivalents are no longer granted in connection with awards of stock options.

The value of dividend equivalents is recognized in the compensation expense of the stock option and RSU awards shown in the Summary Compensation Table. The table below shows the actual amount of cash dividend equivalents paid in 2006 to the named executive officers on their outstanding RSU awards and the portions of their outstanding stock option awards that were not vested and exercisable before January 1, 2005.

	Dividend Equivalents Paid on RSUs	Dividend Equivalents Paid on Stock Options	Total Dividend Equivalents Paid
Mr. Syron	\$471,555	\$1,180,719	\$1,652,274
Mr. McQuade	\$288,602	\$ 347,332	\$ 635,934
Mr. Pizsel	\$ 39,470	\$ 0	\$ 39,470
Ms. Cook	\$111,177	\$ 190,655	\$ 301,832
Mr. Smialowski	\$ 83,212	\$ 86,856	\$ 170,068
Mr. Baumann	\$ 94,768	\$ 257,930	\$ 352,698

Grants of Plan-Based Awards

The following table contains information concerning awards of stock options and RSUs made to each of the named executive officers during fiscal year 2006. In 2006, we did not make any grants of awards under any non-equity or equity incentive plans. For more information on the equity awards to our named executive officers, including the timing of equity grants and determination of the exercise price of stock option awards, see “Compensation Discussion and Analysis — RSUs” and “— Stock Options” above.

Name	Grant Date ⁽¹⁾	CHRC Approval Date ⁽¹⁾	All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽²⁾	All Other Option Awards: Number of Securities Underlying Options (#) ⁽³⁾	Exercise or Base Price of Option Awards (\$/Sh) ⁽⁴⁾	Closing Price on Grant Date (\$)	Grant Date Fair Value of Stock and Option Awards ⁽⁵⁾ (\$)
Mr. Syron	06/05/06	06/01/06	120,770	131,430	\$60.45	\$60.10	\$9,500,685
Mr. McQuade	06/05/06	06/01/06	82,300	89,610	60.45	60.10	6,475,106
Mr. Pizsel	12/07/06	09/07/06	78,940	—	—	68.50	5,473,305
Ms. Cook	06/05/06	06/01/06	36,400	39,580	60.45	60.10	2,862,949
Mr. Smialowski	06/05/06	06/01/06	34,330	37,340	60.45	60.10	2,700,321
Mr. Baumann ⁽⁶⁾	—	—	—	—	—	—	—

(1) Other than for Mr. Pizsel, these equity awards were made in 2006 in respect of the executive’s performance in 2005. The CHRC approved the annual grant of RSUs and stock options for executive officers on June 1, 2006, with an effective grant date of June 5, 2006, which was the second business day of the open stock trading window period following the release of our fiscal year 2005 financial results.

On September 7, 2006, the CHRC approved a one-time sign-on grant of RSUs for Mr. Pizsel with an effective date of December 7, 2006, the date of the next regularly scheduled CHRC meeting after Mr. Pizsel’s start date of November 13, 2006.

(2) To determine the number of RSUs for the annual award, the CHRC first sets the dollar amount of RSUs to be awarded. On the grant date, that dollar amount is converted into RSUs by dividing the dollar amount of the award by the fair market value of our common stock on the grant date. Prior to December 7, 2006, fair market value was equal to the average of the high and low prices of our common stock on the grant date. Effective December 7, 2006, fair market value is equal to the closing price of our common stock on the grant date.

With the exception of Mr. Pizsel’s sign-on award, the RSUs granted to the named executive officers will vest at a rate of 25% in each of June 2007, 2008, 2009 and 2010. Mr. Pizsel’s December 7, 2006 award will vest at a rate of 25% in each of December 2007, 2008, 2009 and 2010.

- (3) To determine the number of stock options for the annual award, the CHRC first sets the dollar amount of stock options to be awarded. On the grant date, that dollar amount is converted into a number of shares of common stock subject to the stock option using the Black-Scholes model for the valuation of stock options. The stock options granted to the named executive officers will vest at a rate of 25% in each of June 2007, 2008, 2009 and 2010.
- (4) Consistent with the terms of the 2004 Employee Plan, the option exercise price is set at a price equal to the fair market value of our common stock on the grant date.
- (5) The amounts reported in this column reflect the aggregate grant date fair value, determined in accordance with SFAS 123(R), of RSU and stock option awards granted during 2006.

The grant date fair value of 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 our common stock was \$60.45 on June 5, 2006. In accordance with SFAS 123(R), the grant date fair value of Mr. Pizsel's sign-on award is based on the fair market value of our common stock on his date of hire, which was \$69.34. The grant date fair value of stock option awards is calculated by multiplying the number of stock options granted by the Black-Scholes value of the option. The per-option SFAS 123(R) grant date fair value was \$16.74. See NOTE 11 to the consolidated financial statements included in the accompanying Annual Report for a discussion of assumptions made by us in determining the grant date fair value of these equity awards. There can be no assurance that the RSUs and stock options will ever vest and that the stock options will ever be exercised (in which case no value will be realized by the executive) or that the value on vesting of the RSUs or on exercise of the stock options will equal the SFAS 123(R) value.

The following is a break-out of the aggregate SFAS 123(R) grant date fair values of each named executive officer's RSU and stock option awards reported in this column:

<u>Name</u>	<u>Grant Date Fair Value of RSU Awards (\$)</u>	<u>Grant Date Fair Value of Option Awards (\$)</u>
Mr. Syron	\$7,300,547	\$2,200,138
Mr. McQuade	4,975,035	1,500,071
Mr. Pizsel	5,473,305	—
Ms. Cook	2,200,380	662,569
Mr. Smialowski	2,075,249	625,072
Mr. Baumann	—	—

- (6) Mr. Baumann left the company in 2006 and did not receive any awards of stock options or RSUs during 2006.

Outstanding Equity Awards at Fiscal Year-End

The following table shows outstanding equity awards held by the named executive officers as of December 31, 2006.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$) ⁽¹⁾	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽²⁾
Mr. Syron	83,290 ⁽⁴⁾	83,290 ⁽⁴⁾	\$64.36	08/08/14	37,815 ⁽⁴⁾	\$2,567,639
	41,347 ⁽⁵⁾	124,043 ⁽⁵⁾	62.69	05/05/15	58,238 ⁽⁵⁾	3,954,360
	—	131,430 ⁽⁵⁾	60.45	06/04/16	120,770 ⁽⁵⁾	8,200,283
Mr. McQuade	—	—	—	—	30,883 ⁽⁶⁾	2,096,956
	28,192 ⁽⁵⁾	84,578 ⁽⁵⁾	62.69	05/05/15	39,713 ⁽⁵⁾	2,696,513
	—	89,610 ⁽⁵⁾	60.45	06/04/16	82,300 ⁽⁵⁾	5,588,170
Mr. Pizsel	—	—	—	—	78,940 ⁽⁶⁾	5,360,026
Ms. Cook	—	—	—	—	3,870 ⁽⁶⁾	262,773
	9,290 ⁽⁵⁾	9,290 ⁽⁵⁾	64.63	08/01/14	8,560 ⁽⁵⁾	581,224
	9,397 ⁽⁵⁾	28,193 ⁽⁵⁾	62.69	05/05/15	13,238 ⁽⁵⁾	898,860
Mr. Smialowski	—	39,580 ⁽⁵⁾	60.45	06/04/16	36,400 ⁽⁵⁾	2,471,560
	—	—	—	—	4,043 ⁽⁶⁾	274,520
	7,050 ⁽⁵⁾	21,150 ⁽⁵⁾	62.69	05/05/15	9,930 ⁽⁵⁾	674,247
Mr. Baumann ⁽³⁾	—	37,340 ⁽⁵⁾	60.45	06/04/16	34,330 ⁽⁵⁾	2,331,007
	—	—	—	—	16,950 ⁽⁷⁾	1,150,905
	—	—	—	—	6,740 ⁽⁴⁾	457,646
	—	—	—	—	7,060 ⁽⁵⁾	479,374
	—	—	—	—	16,300 ⁽⁸⁾	1,106,770

- (1) Consistent with the terms of our 2004 Employee Plan, the option exercise price is set at a price equal to the fair market value of our common stock on the grant date.
- (2) Market value is calculated by multiplying the number of RSUs held by each named executive officer on December 31, 2006 by the closing price of our common stock on December 29, 2006 (\$67.90), the last day of trading for the year.
- (3) Mr. Baumann resigned his position as Executive Vice President, Finance and Chief Financial Officer effective March 21, 2006 and continued to serve as Executive Vice President, Special Advisor to the President and Chief Operating Officer until May 31, 2006. For more information see “Employment and Separation Agreements — *Martin F. Baumann*” below.
- (4) Stock options and RSUs granted on August 9, 2004 vest at a rate of 25% on August 9, 2005, April 1, 2006, April 1, 2007 and April 1, 2008. Mr. Baumann’s RSU awards have vested and will be settled according to such schedule.
- (5) Stock options and RSUs granted on August 2, 2004, May 6, 2005 and June 5, 2006 vest at a rate of 25% on each anniversary of the grant date. Mr. Baumann’s RSU awards have vested and will be settled according to such schedule.
- (6) Mr. McQuade’s sign-on grant of RSUs vests at a rate of 33.33% on each anniversary of the September 1, 2004 grant date. Mr. Pizsel’s September 7, 2006 sign-on award of RSUs vests at a rate of 25% on each anniversary of the December 7, 2006 grant date. Ms. Cook’s sign-on award of RSUs vests at a rate of 33.33% on each anniversary of the August 2, 2004 grant date. Mr. Smialowski’s sign-on award of RSUs vests at a rate of 33%, 33%, and 34% on each anniversary of the December 13, 2004 grant date.
- (7) RSUs granted on November 26, 2003 are vested and will settle on March 6, 2008.
- (8) RSUs granted on November 1, 2005 are vested and will settle on December 31, 2007.

For information on alternative settlement provisions of RSU and stock option grants in the event of certain terminations, see “Potential Payments Upon Termination or Change in Control” below.

Option Exercises and Stock Vested

The following table sets forth information concerning value realized upon the exercise of stock options and the vesting of RSUs during fiscal year 2006 by each of the named executive officers.

<u>Name</u>	<u>Option Awards</u>		<u>Stock Awards</u>	
	<u>Number of Shares Acquired on Exercise (#)</u>	<u>Value Realized on Exercise (\$)</u>	<u>Number of Shares Acquired on Vesting (#)⁽¹⁾</u>	<u>Value Realized on Vesting (\$)⁽²⁾</u>
Mr. Syron.....	—	—	88,673	\$5,792,908
Mr. McQuade	—	—	44,120	2,784,742
Mr. Pizsel.....	—	—	—	—
Ms. Cook	—	—	12,562	742,040
Mr. Smialowski	—	—	7,234	476,341
Mr. Baumann ⁽³⁾	23,967	\$154,465	6,900	427,460

- (1) Amounts reported reflect the number of RSUs that vested during 2006 prior to our withholding of shares to satisfy appropriate taxes.
- (2) Amounts reported are calculated by multiplying the number of pre-tax RSUs that vested during 2006 by the fair market value of our common stock on the day of vesting.
- (3) Mr. Baumann left the company in 2006. For more information, see “Potential Payments Upon Termination or Change In Control — *Martin F. Baumann*” and “Employment and Separation Agreements — *Martin F. Baumann*” below.

Pension Benefits

The following table shows the actuarial present value of the accumulated retirement benefits payable under the Pension Plan and the SERP Restoration Benefit to each of the named executive officers, computed as of September 30, 2006, the date used for pension calculations in our consolidated financial statements for the year ended December 31, 2006 included in the accompanying Annual Report. A summary of the material terms of each plan follows the table, including information on early retirement.

<u>Name</u>	<u>Plan Name</u>	<u>Number of Years Credited Service (#)</u> ⁽¹⁾⁽³⁾	<u>Present Value of Accumulated Benefit (\$)</u> ⁽²⁾⁽³⁾	<u>Payments During Last Fiscal Year (\$)</u>
Mr. Syron	Pension Plan	3.0	\$ 59,360	\$0
	SERP — Restoration	3.0	752,685	
Mr. McQuade	Pension Plan	2.3	35,334	0
	SERP — Restoration	2.3	287,170	
Mr. Pizsel	Pension Plan	0	0	0
	SERP — Restoration	0	0	
Ms. Cook	Pension Plan	2.4	30,344	0
	SERP — Restoration	2.4	311,446	
Mr. Smialowski	Pension Plan	2.1	31,549	0
	SERP — Restoration	2.1	154,500	
Mr. Baumann	Pension Plan	—	—	0
	SERP — Restoration	—	—	

- (1) Amounts reported represent the credited years of service for each named executive officer as of September 30, 2006, under either the Pension Plan or the Restoration Benefit of the SERP. Amounts reported do not reflect certain contractual retirement benefits Messrs. Syron and McQuade would receive pursuant to their respective employment agreements should their employment be terminated under certain conditions prior to vesting in the SERP Restoration Benefit. For further information on these additional benefits for Messrs. Syron and McQuade, see “Potential Payments Upon Termination or Change in Control”.
- (2) Amounts reported reflect the present value, expressed as a lump sum as of September 30, 2006, of each named executive officer’s benefits under the Pension Plan and the Restoration Benefit of the SERP, respectively. Amounts reported are calculated using the assumptions applied in NOTE 15 to the consolidated financial statements included in the accompanying Annual Report, and the normal retirement age of 65 specified in the Pension Plan. Present values represent generational mortality tables developed by the Society of Actuaries’ Retirement Plans Experience Committee, which are typically used by companies since this table continually updates itself and reflects improving mortality. For all of the named executive officers except Messrs. Pizsel and Baumann, the amounts shown may include amounts in which the named executive officers are not yet vested. Pension Plan and SERP Restoration benefits are subject to a five-year cliff vesting schedule. For additional information, see the descriptions of their respective employment agreements under “Employment and Separation Agreements” below. Mr. Pizsel joined us as Executive Vice President and Chief Financial Officer on November 13, 2006 and has not yet met the one year and 1000 hour eligibility requirements for the Pension Plan or SERP Restoration Benefit; therefore, the benefit amounts as of September 30, 2006 for Mr. Pizsel are zero.
- (3) Mr. Baumann was not vested in the Pension Plan or the SERP Restoration Benefit at the time of his termination of employment with us on May 31, 2006.

Pension Plan

The Pension Plan is a tax-qualified, defined benefit pension plan we maintain that covers substantially all employees who have attained age 21 and completed one year of service with us. Pension Plan benefits are based on an employee’s years of service and highest average monthly compensation, up to limits imposed by law. Specifically, the normal retirement benefit under the Pension Plan is a monthly payment calculated as 1% of the participant’s highest average monthly compensation for the 36-consecutive month period during which the participant’s compensation was the highest, multiplied by the participant’s full and partial years of credited service under the Pension Plan.

For purposes of the Pension Plan, compensation includes the non-deferred base salary paid to each employee, as well as overtime pay, shift differentials, non-deferred bonuses paid under our corporate-wide annual bonus program or pursuant to a functional incentive plan (excluding the value of any stock options or cash equivalents), commissions, and amounts deferred under the

Thrift/401(k) Savings Plan, the Flexible Benefits Plan and qualified transportation under Section 132(c)(4) of the Internal Revenue Code. Compensation does not include supplemental compensation plans providing temporary pay, or any amounts paid after termination of employment.

Notwithstanding the lump sum nature of the disclosure in the table above, lump sum payments are not permitted under the Pension Plan if the present value of the accrued benefit would equal or exceed \$25,000. The normal form of benefit under the Pension Plan is an annuity providing monthly payments for the life of the participant and a survivor annuity for the participant's spouse or beneficiary, if applicable. Optional forms of benefit payment are available, including single life annuity payments, subject to spousal consent if the actuarial present value of such benefit exceeds \$5,000 at the time of distribution. A benefit with an actuarial present value equal to or less than \$5,000 may only be paid as a lump sum.

Participants under the Pension Plan who terminate employment before age 55 with at least five years of service are considered "terminated vested" participants. Such participants may commence their benefit under the Pension Plan as early as age 55. The benefit is equal to the vested portion of the participant's accrued benefit, reduced by 1/180th for each of the first 60 months, and by 1/360th for each of the next 60 months, by which the commencement of such benefits precedes age 65.

An early retirement benefit is available to a participant who terminates employment on or after age 55 with at least five years of service. This early retirement benefit is reduced by three percent (3%) for each year (prorated monthly for partial years) by which the commencement of such benefits precedes the earlier of (i) age 65 or (ii) such participant's attainment of age 62 or later with at least 15 years of service or projected service as if the participant continued working until age 62. There is no reduction for early commencement if the benefit is commenced at or after age 62 (but before age 65) if the participant has 15 years of service or projected service.

Supplemental Executive Retirement Plan — Restoration Benefit

The "Restoration Benefit" component of the SERP is designed to provide participants with the full amount of benefits to which they would have been entitled under the Pension Plan if the plan (1) was not subject to certain limits on compensation that can be taken into account under the Internal Revenue Code and (2) did not exclude from "compensation," amounts deferred under our Executive Deferred Compensation Plan. For example, the Pension Plan is only permitted under the Internal Revenue Code to consider the first \$220,000 of an employee's compensation during 2006 for the purpose of determining the participant's compensation-based normal retirement benefit. We believe the Restoration Benefit is an appropriate benefit because offering such a benefit helps us remain competitive with companies in the Comparator Group.

The Restoration Benefit is calculated as the participant's accrued annual benefit payable at age 65 (or current age, if greater) under the Pension Plan without application of the limits described in the preceding paragraph, less the participant's actual accrued benefit under the Pension Plan. The Restoration Benefit is vested for each participant to the same extent that the participant is vested in the corresponding benefit under the Pension Plan.

To be eligible for the SERP for any year, the named executive officer must be eligible to participate in the Pension Plan and eligible for matching contributions and basic contributions under the Thrift/401(k) Savings Plan for part of that year.

Executive Compensation

SERP Restoration Benefits that vest on or after January 1, 2005 are generally distributed in a lump sum after separation from service (other than death) and are payable 90 days after the end of the calendar year in which separation occurs. However, at the election of the employee, and subject to certain restrictions and requirements under Section 409A, the Restoration Benefit may be paid upon separation in the form of a single life annuity at age 65 or in equal annual installments over five, 10 or 15 years.

If the Restoration Benefit becomes payable in a lump sum, such lump sum is calculated as the greater of (i) the lesser of (a) the present value of the annuity, calculated either under the normal benefit formula as in effect on December 31, 1997 or the immediate and deferred annuity rates published by the Pension Benefit Guaranty Corporation for plans terminating on January 1, 1998, and (b) the single employer immediate and deferred rate issued by the Pension Benefit Guaranty Corporation for plans terminating on January 1 of the year of calculation, or (ii) the present value of the annuity calculated under the normal benefit formula using the actuarial assumptions applicable to calculation of a lump sum under the Pension Plan as of January 1 of the year of calculation.

Internal Revenue Code Section 409A imposed a significant new statutory framework applicable to nonqualified deferred compensation, generally effective for deferred amounts that vest on or after January 1, 2005. These new rules necessitated amendments to our SERP in 2005, as well as changes in operation that are not yet reflected in plan language given the fact that regulatory guidance from the Internal Revenue Service on Internal Revenue Code Section 409A was only recently provided in April 2007. Additional amendments to our SERP may be required given the Internal Revenue Service's final regulations implementing Section 409A. The forms of payment described above are applicable to benefits that vest on or after January 1, 2005. Benefits that vested prior to that date are distributed in different forms. None of the named executive officers have any SERP Restoration Benefits that were vested prior to January 1, 2005.

Non-qualified Deferred Compensation

The following table shows the contributions, earnings, withdrawals and distributions, and accumulated balances under the Make-Up Contribution of the SERP for each named executive officer as of December 31, 2006. None of the named executives has deferred compensation balances under the Executive Deferred Compensation Plan. A summary of the material terms of the Make-Up Contribution of the SERP follows the table. For more information, see "Compensation Discussion and Analysis — Other Executive Benefits, including Perquisites and Retirement Benefits — *Executive Deferred Compensation and Supplemental Executive Retirement Plan*" above.

<u>Name</u>	<u>Executive Contributions in Last FY (\$)⁽¹⁾</u>	<u>Freddie Mac Contributions in Last FY (\$)⁽²⁾</u>	<u>Aggregate Earnings in Last FY (\$)⁽³⁾</u>	<u>Aggregate Withdrawals / Distributions (\$)</u>	<u>Aggregate Balance at Last FYE (\$)⁽⁴⁾</u>
Mr. Syron	\$0	\$229,375	\$12,774	\$0	\$345,938
Mr. McQuade	0	71,250	2,339	0	81,513
Mr. Pizsel	0	0	0	0	0
Ms. Cook	0	96,250	2,948	0	106,000
Mr. Smialowski	0	49,767	1,372	0	51,765
Mr. Baumann	0	89,758	7,631	0	187,749

- (1) The SERP does not allow for employee contributions.
- (2) Amounts reported reflect company accruals under the Make-Up Contribution component of the SERP during 2006. These amounts are also reported in the “All Other Compensation” column of the Summary Compensation Table. Mr. Pizsel is not yet eligible to participate in the SERP and, therefore, had not accrued any benefits as of December 31, 2006.
- (3) Amounts reported represent the total interest and other earnings credited to each named executive officer under the Make-Up Contribution of the SERP during 2006. None of the amounts reported are reflected in the column “Change in Pension Value and Nonqualified Deferred Compensation Earnings” in the Summary Compensation Table because none of the earnings were above-market or preferential as defined by SEC rules. Mr. Pizsel is not yet eligible to participate in the SERP and, therefore, had not accrued any benefits as of December 31, 2006.
- (4) Amounts reported reflect the accumulated balances under the Make-Up Contribution of the SERP for each named executive officer, including non-vested accruals. Matching contribution accruals vest immediately, whereas the basic contribution accruals as of December 31, 2006 are subject to a five-year cliff-vesting schedule. Because none of the named executive officers has met the five-year vesting requirement for the basic contribution, the difference in the aggregate balance above and the vested balance is equal to the non-vested basic contributions plus earnings. The vested and non-vested components for each named executive officer are as follows: Mr. Syron: vested balance: \$205,143; non-vested balance: \$140,796; Mr. McQuade: vested balance: \$77,775; non-vested balance: \$3,738; Mr. Pizsel: not yet eligible, therefore no accruals; Ms. Cook: vested balance: \$104,339; non-vested balance: \$1,661; Mr. Smialowski: vested balance: \$50,865; non-vested balance: \$900; and Mr. Baumann: vested balance: \$105,478; non-vested balance: \$82,271. For a more detailed discussion of the matching contribution accruals and basic contribution accruals, see “Supplemental Executive Retirement Plan — Make-Up Contribution” below.

Supplemental Executive Retirement Plan — Make-Up Contribution

The “Make-Up Contribution” portion of the SERP is an unfunded, nonqualified defined contribution plan designed to provide participants with the full amount of benefits that they would have been entitled to under the Thrift/401(k) Savings Plan if that plan (1) was not subject to certain limits on compensation that can be taken into account under the Internal Revenue Code and (2) did not exclude from compensation amounts deferred under our Executive Deferred Compensation Plan. For example, in 2006 under the Internal Revenue Code, only the first \$220,000 of an employee’s compensation is considered when determining the company’s percentage-based matching contribution for any participant in the Thrift/401(k) Savings Plan. We believe the Make-Up Contribution is an appropriate benefit because offering such a benefit helps us remain competitive with companies in the Comparator Group.

The Make-Up Contribution equals the amount of the employer matching contributions and basic contribution for each named executive officer that would have been made to the Thrift/401(k) Savings Plan during the year, based upon the participant’s eligible compensation, without application of the above limits, less the amount of the matching contributions and basic contribution actually made to the Thrift/401(k) Savings Plan during the year. Participants are

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credited with earnings or losses in their Make-Up Contribution accounts based upon each participant's individual direction of the investment of such notional amounts among the virtual investment funds available under the SERP. Such investment options are based upon and mirror the performance of those investment options available under the Thrift/401(k) Savings Plan. As of December 31, 2006, there were 11 investment options in which participants' notional amounts could be invested.

To be eligible for the SERP, the named executive officer must be eligible to participate in the Pension Plan and be eligible for matching contributions and basic contributions under the Thrift/401(k) Savings Plan for part of the year. Additionally, to be eligible for the portion of the Make-Up Contribution attributable to employer matching contributions, the named executive officer must contribute the maximum amount permitted under the terms of the Thrift/401(k) Savings Plan on a pre-tax basis throughout the entire portion of the year in which the named executive officer is eligible to make such contributions. That portion of the Make-Up Contribution is vested when accrued, while the accrual relating to the basic contribution is subject to five year cliff vesting. For amounts vesting on or after January 1, 2005, the Make-Up Contribution is distributed as a lump sum payable 90 days after the end of the calendar year in which separation occurs.

As mentioned above, Internal Revenue Code Section 409A has led us to amend our SERP, and we anticipate future amendments now that final regulations have been released. The form of payment described above is applicable to amounts that vest on or after January 1, 2005. None of the named executive officers had any benefits that were vested as of that date.

Potential Payments Upon Termination or Change in Control

We have entered into certain employment agreements and maintain certain plans that will require us to provide compensation to our named executive officers in the event of a termination of employment or a change in control of Freddie Mac. The compensation and benefits payable to each named executive officer as of December 31, 2006 are shown in the tables below. For more information, see "Employment and Separation Agreements" below. OFHEO has reviewed the terms of the employment and separation agreements for Ms. Cook and Messrs. Syron, McQuade, Pizsel and Baumann and has approved the termination benefits set forth therein.

As of December 31, 2006, none of the named executive officers were eligible for retirement benefits. With the exception of Mr. Baumann, the amounts presented in the tables below do not include vested RSU or stock option awards or vested balances in the SERP Make-Up Contribution as of December 31, 2006 because such vesting was not in connection with a termination or change in control. Amounts shown in the tables also do not include certain items available to all employees generally upon a termination event.

Alternative Settlement Provisions of Equity Awards in the Event of Certain Terminations

RSUs

The RSUs awarded to our employees, including the named executive officers, provide for alternative settlement provisions in the event of certain terminations, as follows:

- Immediate vesting and settlement occurs in the event of death or disability.
- In the event of normal retirement, as defined in the 2004 Employee Plan, RSUs will vest immediately and will be settled in accordance with the vesting schedule outlined in the award

agreement as if termination had not occurred, with the exception that RSUs granted within one year of retirement will be forfeited. This treatment is subject to the executive's signing an agreement containing certain restrictive covenants, including, but not limited to, non-competition, non-solicitation, continued cooperation and other matters to protect our business interests. Violation of any of the covenants results in the forfeiture of unsettled shares and the requirement to repay any after-tax gain realized from the settlement of shares within 12 months of the forfeiture event. In the event of retirement other than a normal retirement, as defined in the 2004 Employee Plan, the vesting and settlement of awards may be accelerated at the discretion of the CHRC with respect to the named executive officers other than Messrs. Syron and McQuade. This provision is not applicable to the awards granted to Messrs. Syron and McQuade as their employment agreements govern the treatment of long-term equity awards under various termination scenarios.

- In the event of a termination due to "special circumstances," such as a reorganization, a job relocation, or a restructuring or other no-fault displacement, as determined in the sole and absolute discretion of the Chairman and Chief Executive Officer, the RSUs vest immediately and settle in accordance with the vesting schedule outlined in the award agreement as if termination had not occurred. This provision is not applicable to the awards granted to Mr. Syron, Mr. McQuade and Mr. Pizsel's sign-on grant as their agreements govern the treatment of long-term equity awards under various termination scenarios.

Stock Options

The stock options granted to our employees, including the named executive officers, provide for alternative settlement provisions in the event of certain terminations, which are similar to the provisions for RSUs, with the following modifications:

- The stock options remain exercisable for three years after the date of termination in the event of death.
- The stock options remain exercisable for the full balance of their term in the event of disability.
- In the event of retirement, as defined in the 2004 Employee Plan, stock options will continue to vest and remain exercisable for the full balance of the term, subject to the executive's signing an agreement containing the same restrictive covenants as described above for RSUs.
- The stock options will continue to vest and remain exercisable for the full balance of their term in the event of termination due to "special circumstances" as described above for RSUs. This provision is not applicable to the awards granted to Messrs. Syron and McQuade as their employment agreements govern the treatment of long-term equity awards under various termination scenarios.
- If the individual's employment is terminated for any reason other than those described above, the employee has 90 days after termination to exercise options vested as of the date of termination.

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Richard F. Syron

The following table describes the potential payments as of December 31, 2006 upon termination or a change in control of Freddie Mac for Richard F. Syron, our Chief Executive Officer.

Benefits and Payments Upon Termination	Voluntary Without Good Reason Resignation ⁽¹⁾	Involuntary For Cause Termination ⁽²⁾	Voluntary For Good Reason Resignation or Involuntary Without Cause Termination ⁽¹⁾⁽³⁾	Death or Disability ⁽⁴⁾	Change in Control (Without Termination) ⁽⁵⁾
Compensation:					
Base Salary	—	—	\$ 2,200,000	—	—
Annual Bonus ⁽⁶⁾	—	—	3,960,000	\$ 1,320,000	—
Equity Awards	—	—	16,263,109	16,642,546	\$16,263,109
Benefits:					
Non-qualified Pension	—	—	752,685	752,685	—
Deferred Compensation Payouts	—	—	—	140,796	—
Post-termination Health Care	—	—	20,529	—	—
Life Insurance Proceeds	—	—	—	9,693,520	—
Disability Benefits	—	—	—	505,392	—
Total	—	—	\$23,196,323	\$29,054,939⁽⁷⁾	\$16,263,109

(1) A June 1, 2006 agreement with Mr. Syron that increased his annual bonus target attributable to performance during 2006 from 120% to 240% of his base salary provides that for subsequent performance years the payment of an annual bonus pursuant to the 120% target specified in his December 31, 2003 employment agreement will not constitute “Good Reason.” Also, our Board’s appointment, prior to the December 31, 2008 termination of Mr. Syron’s employment agreement, of a successor Chief Executive Officer reasonably acceptable to Mr. Syron does not constitute “Good Reason,” provided that Mr. Syron remains Chairman of our Board.

(2) Mr. Syron may be considered for a bonus attributable to 2006 under this termination event, at the discretion of the CHRC.

(3) The amount reported under Base Salary reflects Mr. Syron’s annualized base salary of \$1,100,000 payable with respect to the two years left under Mr. Syron’s employment agreement (attributable to 2007 and 2008). The amount reported under Annual Bonus reflects the sum of Mr. Syron’s target bonus attributable to each of 2006, 2007 and 2008. The amount reported under Equity Awards reflects \$8,800,000 in cash for the unvested long term equity award granted in 2006; the value of all unvested RSUs granted prior to 2006, which vest immediately upon such termination; and the value of all unvested options granted prior to 2006, which become exercisable immediately upon such termination. For RSUs granted prior to 2006, the value is calculated on a grant-by-grant basis by multiplying the number of unvested RSUs by the closing price of our common stock on December 29, 2006. For stock options granted prior to 2006, the value is calculated on a grant-by-grant basis by multiplying the number of unvested options granted by the difference between the exercise price for such option and the closing price of our common stock on December 29, 2006. The amount reported under Non-qualified Pension reflects the non-vested lump sum value of the SERP Restoration Benefit as of September 30, 2006. Mr. Syron’s employment agreement provides for payment of the non-vested SERP Restoration Benefit under this termination event. Mr. Syron also is entitled through December 31, 2008 to continue to participate in health and related welfare plans in which he participated prior to termination at a cost to him that is equal to the cost required to be incurred by an active senior executive under the terms of the applicable plan. The amount reflected under Post-termination Health Care reflects Freddie Mac’s cost of continued participation in our health care plans for twenty four months.

- (4) The amount reported under Annual Bonus reflects a \$1,320,000 target bonus attributable to 2006. The amount reported under Equity Awards reflects the value of all outstanding RSUs, which vest immediately upon such termination, and the value of all unvested stock options, which become exercisable immediately upon such termination. For RSUs, the value is calculated on a grant-by-grant basis by multiplying the number of unvested RSUs by the closing price of our common stock on December 29, 2006. For stock options, the value is calculated on a grant-by-grant basis by multiplying the number of unvested options granted by the difference between the exercise price for such option and the closing price of our common stock on December 29, 2006. The amount reported under Non-qualified Pension reflects the non-vested SERP Restoration Benefit as of September 30, 2006, which is payable under a disability event. The amount reported under Deferred Compensation Payouts reflects the non-vested SERP Make-Up Contribution as of December 31, 2006, which is payable upon a disability event. Mr. Syron is not eligible for the non-vested SERP Restoration Benefit or the non-vested Make-Up Contribution in the event of death. The amount reported under Life Insurance Proceeds reflects the life insurance policies we provide Mr. Syron with benefits totaling \$10,000,000. As of December 31, 2006, the benefit to Mr. Syron's beneficiaries was \$9,693,520, \$6,000,000 of which is Term-Life and \$3,693,520 of which is Endorsement Split Dollar. We are the owner of the Endorsement Split Dollar Policy until the scheduled termination date, which is December 31, 2008 (the "Scheduled Termination Date"). As of December 31, 2006, in the event of death prior to the Scheduled Termination Date, the remaining \$306,480 would be payable to us. The amount reported under Disability Benefit reflects the amount due to Mr. Syron in the event of disability from December 31, 2006 through the Scheduled Termination Date. An additional \$240,000 would be paid annually under the group long-term disability plan should Mr. Syron be approved for long-term disability.
- (5) This termination event represents a Change in Control in which Mr. Syron does not voluntarily terminate his employment for Good Reason and he is not involuntarily terminated without Cause. If Mr. Syron terminated his employment for Good Reason or he is involuntarily terminated without Cause in connection with the Change in Control, he would receive the amounts reported under the column "Voluntary For Good Reason Resignation or Involuntary Without Cause Termination" in lieu of this amount.
- The amount reported under Equity Awards reflects \$8,800,000 in cash for the unvested long term equity awards granted in 2006; the value of all unvested RSUs granted prior to 2006, which vest immediately upon such termination; and the value of all unvested options granted prior to 2006, which become exercisable immediately upon such termination. For information on the calculation of the value of these RSUs and options, see Note (3) above.
- (6) The June 1, 2006 agreement provides that any termination benefit that may be paid to Mr. Syron pursuant to the terms of his December 6, 2003 employment agreement will be based on the 120% bonus target in Mr. Syron's December 6, 2003 employment agreement and not the 240% bonus target in the June 1, 2006 agreement.
- (7) The amount reflected under Death or Disability includes both Life Insurance Proceeds and Disability Benefits. The Total amount will change based on the actual event. For a death event, the Total amount will exclude the amount reflected under Disability Benefits. For a disability event, the Total amount will exclude the amount reflected under Life Insurance Proceeds.

A June 1, 2006 agreement increasing Mr. Syron's annual bonus target attributable to performance during 2006 from 120% to 240% of his base salary and a March 3, 2007 agreement applying the 240% bonus target agreed to in the June 1, 2006 agreement to performance during 2007, provide that the 240% target shall not be used to calculate any termination of employment benefit that may be paid to him pursuant to the terms of his December 6, 2003 employment agreement. The March 3, 2007 agreement also reduces Mr. Syron's 2007 annual equity grant from \$8,800,000 (the amount agreed upon in his December 6, 2003 employment agreement) to \$8,600,000. The March 3, 2007 agreement further provides that the increase in Mr. Syron's bonus target for 2007 and the reduction of his 2007 annual equity grant will not be used to calculate any termination benefit that may be paid pursuant to the terms of his December 6, 2003 agreement.

Change in Control

Upon a "change in control," any equity award granted to Mr. Syron at least 12 months prior to the change in control will immediately vest. Vested RSUs will be paid out immediately and vested

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stock options will remain exercisable until the expiration date of the options. Any equity awards granted less than 12 months prior to the change in control will be cancelled in consideration of our payment to Mr. Syron of \$8,800,000 in cash for each cancelled equity award.

Termination Due to Death or Disability

In the event of a termination of his employment prior to December 31, 2008 due to disability or death, we will pay Mr. Syron or his beneficiaries his base salary through the end of the month in which termination of employment occurs. We will pay any earned but unpaid bonus amounts from the most recently completed calendar year, plus a prorated percentage of Mr. Syron's target bonus for the calendar year in which employment termination occurs. Also, all RSUs awarded to Mr. Syron will immediately vest and be paid out and all stock options granted will become immediately exercisable. The stock options will remain exercisable: (i) in the event termination occurs as a result of death, until the earlier to occur of (a) the third anniversary of the employment termination or (b) the expiration date of the options; and (ii) in the event termination occurs as a result of disability, until the scheduled expiration date applicable to the options. In the event of termination due to disability, we will provide long-term disability benefits equal to 70% of Mr. Syron's base salary during the period beginning on the first day of the month that immediately follows the month in which the termination occurred through the earlier of December 31, 2008 or the date he no longer has a disability.

Termination for Good Reason or Without Cause

Subject to Mr. Syron's execution of a general release and waiver, in the event that Mr. Syron terminates his employment prior to December 31, 2008 for good reason or is terminated by us without cause, we will pay Mr. Syron a lump sum cash payment equal to the base salary that would have been paid to him for the period beginning on the termination date and ending on December 31, 2008. We will pay any earned but unpaid bonus amounts from the most recently completed fiscal year. Also, we will pay Mr. Syron a lump sum cash payment equal to the sum of the target annual bonuses that would have been paid to him in respect of each calendar year that ends during the period beginning on the termination date and ending on December 31, 2008.

All RSUs awarded to Mr. Syron at least 12 months prior to the termination date will immediately vest and be paid out, and all stock options granted to Mr. Syron at least 12 months prior to the termination date will become immediately exercisable. All such stock options will remain exercisable until the earlier to occur of (i) three years following such termination, or (ii) the expiration date of the options. All equity awards granted less than 12 months prior to the termination date will be cancelled in consideration of our payment to Mr. Syron of \$8,800,000 in cash for each cancelled equity award.

In addition, if he is not entitled to the Restoration Benefit under the SERP solely because he is not yet vested under our tax-qualified pension plan, then we will pay Mr. Syron the benefit that would have been payable to him under the SERP as of the date of the termination without regard to the vesting requirement, and he will be entitled to the Make-Up Contribution in accordance with the terms of the SERP. We will provide Mr. Syron and his family continued health and other similar welfare benefits coverage through December 31, 2008.

Termination for Cause

In the event that Mr. Syron's employment is terminated by us for cause prior to December 31, 2008, we will pay Mr. Syron any earned but unpaid base salary through the date of termination and any earned but unpaid bonus amounts from the most recently completed calendar year. All unvested equity awards will be immediately cancelled.

Termination Following the Scheduled Termination Date

In the event that Mr. Syron terminates his employment following December 31, 2008 due to retirement (and at the time of such termination of Mr. Syron's employment we could not have terminated him for cause), all RSUs awarded to Mr. Syron will immediately vest, but will settle pursuant to the vesting schedule set forth in the grant agreements. All stock options granted to Mr. Syron will become immediately exercisable and will remain outstanding until the expiration date of the options.

Eugene M. McQuade

The following table describes the potential payments as of December 31, 2006 upon termination or a change in control of Freddie Mac for Eugene M. McQuade, our President and Chief Operating Officer.

Benefits and Payments Upon Termination	Voluntary Without Good Reason Resignation ⁽¹⁾⁽²⁾	Involuntary For Cause Termination ⁽¹⁾⁽³⁾	Voluntary For Good Reason Resignation or Involuntary Without Cause Termination ⁽²⁾⁽⁴⁾	Death or Disability ⁽⁵⁾	Change in Control (Without Termination) ⁽⁶⁾
Compensation:					
Base Salary	—	—	\$ 900,000	—	—
Annual Bonus ⁽⁷⁾	—	—	1,800,000	\$ 900,000	—
Equity Awards	—	—	11,234,120	11,489,884	\$11,234,120
Repayment to Freddie Mac	\$(443,836)	\$(443,836)	—	—	—
Benefits:					
Non-qualified Pension	—	—	287,170	287,170	—
Deferred Compensation Payouts	—	—	—	3,738	—
Post-termination Health Care	—	—	10,183	—	—
Life Insurance Proceeds	—	—	—	7,000,000	—
Disability Benefits	—	—	—	390,000	—
Total	\$(443,836)	\$(443,836)	\$14,231,473	\$20,070,792 ⁽⁸⁾	\$11,234,120

(1) The amount reported under Repayment to Freddie Mac reflects the prorated repayment of Mr. McQuade's initial cash sign-on bonus of \$2,000,000, which Mr. McQuade is required to repay us if he leaves during the initial three year term of his employment agreement.

(2) A June 1, 2006 agreement with Mr. McQuade that increased his annual bonus target attributable to performance during 2006 from 100% to 180% of his base salary provides that for subsequent performance years the payment of an annual bonus pursuant to the 100% target specified in his August 3, 2004 agreement will not constitute "Good Reason" for him to terminate his employment with us.

(3) Mr. McQuade may be considered for a bonus attributable to 2006 under this termination event, at the discretion of the CHRC.

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- (4) The amount reported under Base Salary reflects an annualized base salary of \$900,000. The amount reported under Annual Bonus reflects a \$900,000 target bonus attributable to each of 2006 and 2007. The amount reported under Equity Awards reflects \$6,000,000 in cash for unvested long-term equity awards granted in 2006; the value of all unvested RSUs granted prior to 2006, which vest immediately; and the value of unvested stock options granted prior to 2006, which become exercisable immediately upon such termination. For information on the calculation of the value of these RSUs and stock options, see Note (3) to Mr. Syron's table. The amount reported under Non-qualified Pension reflects the non-vested lump sum value of the SERP Restoration Benefit as of September 30, 2006. Mr. McQuade's employment agreement stipulates payment of the non-vested SERP Restoration Benefit under this termination event. Mr. McQuade is entitled through December 31, 2007 to continue to participate in health and related welfare plans in which he participated prior to termination at a cost to him that is equal to the cost required to be incurred by an active senior executive under the terms of the applicable plan. The amount reflected under Post-termination Health Care reflects Freddie Mac's cost of continued participation in our health care plans for twelve months.
- (5) The amount reported under Annual Bonus reflects a \$900,000 target bonus attributable to 2006. The amount reported under Equity Awards reflects the value of all outstanding RSUs, which vest immediately, and the value of all outstanding options, which become exercisable immediately upon such termination. For information on the calculation of the value of the RSUs and stock options, see Note (4) to Mr. Syron's table. The amount reported under Non-qualified Pension reflects the non-vested SERP Restoration Benefit as of September 30, 2006, which is payable under a disability event. The amount reported under Deferred Compensation Payouts reflects the non-vested SERP Make-Up Contribution as of December 31, 2006, which is payable upon a disability event. Mr. McQuade is not eligible for the non-vested SERP Restoration Benefit or the non-vested SERP Make-Up Contribution in the event of death. The amount reported under Life Insurance Proceeds reflects life insurance policies we provide Mr. McQuade totaling \$7,000,000 to be paid to his beneficiaries in the event of his death. The amount under Disability Benefits reflects the annual amount due to Mr. McQuade in the event of his disability, which equates to \$390,000. An additional \$240,000 would be paid annually under the group long-term disability plan should Mr. McQuade be approved for long-term disability.
- (6) This termination event represents a Change in Control in which Mr. McQuade does not voluntarily terminate his employment for Good Reason or he is not involuntarily terminated without Cause in connection with the Change in Control. If Mr. McQuade terminated his employment for Good Reason or he is involuntarily terminated without Cause in connection with the Change in Control, he would receive the amounts reported under the column "Voluntary For Good Reason Resignation or Involuntary Without Cause Termination" in lieu of this amount.
The amount reported under Equity Awards reflects \$6,000,000 in cash for unvested long-term equity awards granted in 2006; the value of all unvested RSUs granted prior to 2006, which vest immediately; and the value of unvested stock options granted prior to 2006, which become exercisable immediately upon such termination. For information on the calculation of the value of these RSUs and stock options, see Note (3) to Mr. Syron's table.
- (7) The June 1, 2006 agreement provides that any termination benefit that may be paid to Mr. McQuade pursuant to the terms of his August 3, 2004 employment agreement will be based on the 100% bonus target in Mr. McQuade's August 3, 2004 employment agreement and not the 180% bonus target in the June 1, 2006 agreement.
- (8) The amount reflected under Death or Disability includes both Life Insurance Proceeds and Disability Benefits. The Total amount will change based on the actual event. For a death event, the Total amount will exclude the amount under Disability Benefits. For a disability event, the Total amount reflected will exclude the amount under Life Insurance Proceeds.

Upon a change in control, the benefits afforded to Mr. McQuade are the same as set forth in Mr. Syron's employment agreement, except that the payment to Mr. McQuade will be \$6,000,000 in cash for each cancelled equity award.

Mr. McQuade may terminate his employment agreement for good reason (as defined in his August 3, 2004 employment agreement). Subject to Mr. McQuade's execution of a general release

and waiver, in the event his employment is terminated by him for good reason or by us without cause:

- We will pay Mr. McQuade any accrued and unpaid base salary, as well as any earned but unpaid bonus amounts, from our most recently completed calendar year;
- We will pay Mr. McQuade a lump sum cash payment equal to the base salary and target bonuses that would have been paid to him for the longer of (i) one year and (ii) the remaining term of the employment agreement (the “Severance Period”);
- We will provide Mr. McQuade and his beneficiaries with continued coverage during the Severance Period under our medical, dental and other similar benefit plans in which they participated prior to the termination of his employment;
- We will provide Mr. McQuade with the same SERP benefit as is to be provided to Mr. Syron under similar circumstances;
- All RSUs awarded to Mr. McQuade at least 12 months prior to the date of termination of his employment will immediately vest and be paid out;
- All stock options granted to Mr. McQuade at least 12 months prior to the termination date will become immediately exercisable until the earlier to occur of (i) three years following the termination or (ii) the scheduled expiration date applicable to the options; and
- Any annual equity awards made less than 12 months prior to the termination will be cancelled in consideration of our payment to Mr. McQuade of \$6,000,000 in cash for each cancelled equity award.

A June 1, 2006 agreement increasing Mr. McQuade’s annual bonus target attributable to performance during 2006 from 100% to 180% of his base salary, and a March 3, 2007 agreement applying the 180% bonus target agreed to in the June 1, 2006 agreement to 2007, provide that the 180% target shall not be used to calculate any termination of employment benefit that may be paid to him pursuant to the terms of his August 3, 2004 employment agreement. The March 3, 2007 agreement reduces Mr. McQuade’s 2007 annual equity grant from \$6,000,000 (the amount agreed upon in his August 3, 2004 employment agreement) to \$5,725,000. The March 3, 2007 agreement further provides that the increase in Mr. McQuade’s bonus target for 2007 and the reduction of his 2007 annual equity grant shall not be used to calculate any termination benefit that may be paid pursuant to the terms of his August 3, 2004 agreement.

If Mr. McQuade resigns because he is not appointed to succeed Mr. Syron as Chief Executive Officer by September 1, 2007 or he otherwise resigns for good reason during 2007 because Mr. Syron ceases to be Chief Executive Officer and someone other than Mr. McQuade is appointed as his successor (other than an interim Chief Executive Officer), then awards issued to Mr. McQuade in 2007 will not be subject to the accelerated vesting provisions described in the fifth, sixth and seventh bullets immediately above. In addition, if the termination is due to our decision not to renew the term of his employment agreement, Mr. McQuade will be entitled to an additional year’s service credit with respect to his unvested equity awards in lieu of the accelerated vesting provisions described immediately above.

Mr. McQuade is required to execute the same general release and waiver as Mr. Syron in order to receive these benefits. In the event of termination of Mr. McQuade’s employment prior to the

scheduled termination date due to disability or death, we will provide Mr. McQuade with benefits similar to those provided to Mr. Syron under the same circumstances.

As noted above, we recently extended an offer to Mr. McQuade to succeed Mr. Syron as Chief Executive Officer. Mr. McQuade has informed us that he does not wish to accept this offer and that he has decided to leave Freddie Mac at the conclusion of his current employment agreement on September 1, 2007 to pursue a position guiding a more traditional financial institution. Mr. McQuade will continue as President and Chief Operating Officer of Freddie Mac until that date.

Anthony S. Pizel

The following table describes the potential payments as of December 31, 2006 upon termination for Anthony S. Pizel, our Executive Vice President and Chief Financial Officer.

<u>Benefits and Payments Upon Termination</u>	<u>Voluntary Resignation⁽¹⁾</u>	<u>Involuntary For Cause Termination⁽¹⁾</u>	<u>Involuntary Termination Other Than For Cause⁽²⁾</u>	<u>Death or Disability⁽³⁾</u>
Compensation:				
Base Salary	—	—	\$1,300,000	—
Annual Bonus	\$ 600,000	\$ 600,000	600,000	\$ 600,000
Equity Awards	—	—	5,000,000	5,360,026
Repayment to Freddie Mac	(2,500,000)	(2,500,000)	—	—
Total	\$(1,900,000)	\$(1,900,000)	\$6,900,000	\$5,960,026

- (1) The amount reported under Annual Bonus reflects a guaranteed bonus of \$600,000 attributable to performance in 2006. If Mr. Pizel terminates his employment with us for any reason or is terminated for cause before the second anniversary of his employment date, he is required to repay the full \$2,500,000 of his sign-on cash bonus which is reflected under Repayment to Freddie Mac.
- (2) The amount reported under Base Salary reflects two times annualized base salary of \$650,000; under Annual Bonus, reflects a guaranteed bonus of \$600,000 attributable to 2006; and under Equity Awards, reflects the one time sign-on grant which will be cancelled and in consideration of which we will pay Mr. Pizel \$5,000,000 in cash upon such termination.
- (3) The amount reported under Annual Bonus reflects a guaranteed bonus of \$600,000 attributable to 2006 and under Equity Awards reflects the value of all outstanding RSUs, which vest immediately upon such termination. For information on the calculation of the value of the RSUs and stock options, see Note (4) to Mr. Syron's table.

Mr. Pizel's October 14, 2006 employment agreement provides that, if, prior to the fourth anniversary of his employment date, we terminate Mr. Pizel's employment for any reason other than Cause, he will receive a lump sum cash payment equal to two times his annualized base salary in effect at the time of termination. This payment will be made in lieu of any payments under our otherwise applicable severance plan, policy or practice. In the event that Mr. Pizel's employment is terminated after the fourth anniversary of his employment date, he will be eligible to receive severance pay pursuant to the terms of our applicable severance plan or policy. If Mr. Pizel terminates his employment with us for any reason or is terminated for Cause before the second anniversary of his employment date, he is required to repay the full \$2,500,000 of his sign-on cash bonus. If we terminate Mr. Pizel's employment for any reason other than Cause between the first and fourth anniversaries of the date of grant, then the sign-on grant of 78,940 RSUs will vest and continue to settle pursuant to the vesting schedule set forth in the grant agreement. If we terminate Mr. Pizel's employment for any reason other than Cause before the first anniversary of the date of grant, then the sign-on grant of 78,940 RSUs will be cancelled and we will pay Mr. Pizel

\$5,000,000 in cash. If Mr. Pizel terminates his employment with us for any reason or is terminated for Cause, then any unvested RSUs will be forfeited. Mr. Pizel is subject to non-competition and non-solicitation of employees restrictions for a period of one year following any termination of his employment.

Patricia L. Cook

The following table describes the potential payments as of December 31, 2006 upon termination for Patricia L. Cook, our Executive Vice President, Investments and Capital Markets.

Benefits and Payments Upon Termination	Voluntary Resignation or Involuntary For Gross Misconduct Termination	Involuntary Other Than For Gross Misconduct or Special Circumstance Termination ⁽¹⁾	Death or Disability ⁽²⁾	Special Circumstance Termination ⁽³⁾
Compensation:				
Base Salary	—	\$1,200,000	—	\$1,200,000
Equity Awards	—	—	\$4,686,598	2,766,431
Benefits:				
Non-qualified Pension	—	—	311,446	—
Deferred Compensation Payouts	—	—	1,661	—
Total	—	\$1,200,000	\$4,999,705	\$3,966,431

- (1) The amount reported for Base Salary reflects the sum of Ms. Cook’s annualized base salary of \$600,000 pursuant to her employment agreement plus severance pay equal to Ms. Cook’s annualized base salary of \$600,000 pursuant to our officer severance plan. Ms. Cook may be eligible to participate in the 2006 bonus program at the discretion of the Chief Executive Officer, Chief Operating Officer or Executive Vice President, Human Resources and Corporate Services. Any bonus paid under this program will be subject to CHRC approval.
- (2) The amount reported under Equity Awards reflects the value of all unvested RSUs, which will vest and will be settled immediately upon such termination, and the value of all unvested stock options, which become exercisable immediately upon such termination. The amount reported under Non-qualified Pension reflects the non-vested SERP Restoration Benefit as of September 30, 2006, which is payable under a disability event. The amount reported under Deferred Compensation Payouts reflects the non-vested SERP Make-Up Contribution as of December 31, 2006, which is payable upon a disability event. Ms. Cook is not eligible for the non-vested SERP Restoration Benefit or the non-vested Make-Up Contribution in the event of death.
- (3) The amount reported under Base Salary reflects the sum of Ms. Cook’s annualized base salary of \$600,000 pursuant to her employment agreement plus severance pay equal to Ms. Cook’s annualized base salary of \$600,000 pursuant to our officer severance plan. The amount reported under Equity Awards reflects the value of Ms. Cook’s 2006 long-term equity awards as of December 31, 2006. For information on the calculation of the value of the RSUs and stock options, see Note (4) to Mr. Syron’s table.

Pursuant to the long-term equity award agreement for awards made in 2006, Ms. Cook’s termination would be classified as a “Special Circumstance Termination” if (a) her job were eliminated due to a reorganization or job relocation or if her employment were terminated due to a restructuring or other no fault displacement, as determined by the Chief Executive Officer, and (b) she had executed a written agreement containing non-competition, non-solicitation, and other covenants. Under this provision, long-term equity awards granted in 2006 will vest immediately and will be settled in accordance with the vesting schedule outlined in the award agreement as if termination had not occurred.

Ms. Cook’s July 8, 2004 employment agreement, as amended by a letter agreement dated July 9, 2004 and action taken by the CHRC on May 6, 2005, provides that, in the event that we terminate Ms. Cook on or after the second anniversary of her employment date but prior to her sixty-second birthday for any reason other than gross misconduct, as this term may be modified in our sole discretion from time to time, or any other willful or malicious misconduct on her part that is substantially injurious to us, she will receive a lump sum cash severance payment in the amount

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of \$600,000. If Ms. Cook's employment with Freddie Mac terminates for any reason (other than disability or death) prior to the lapse of restrictions on her RSU grant, she forfeits all of the units.

Pursuant to the terms of a Restrictive Covenant Agreement between Ms. Cook and us, in the event that she is eligible for severance pay pursuant to the terms of our officer severance policy upon the termination of her employment, the amount she would receive is equal to her annualized base salary at the time of termination; provided, that she executed a general release and waiver that is satisfactory to us which may contain, in addition to a release of claims, provisions related to non-participation in others' claims against us, non-competition and non-solicitation provisions akin to Mr. Piszal's, and non-disparagement, continued cooperation and treatment of confidential information and such other provisions as we deem appropriate.

Joseph A. Smialowski

The following table describes the potential payments as of December 31, 2006 upon termination for Joseph A. Smialowski, our Executive Vice President, Operations and Technology.

Benefits and Payments Upon Termination	Voluntary Resignation or For Gross Misconduct Termination	Involuntary Other Than For Gross Misconduct or Special Circumstance Termination ⁽¹⁾	Death or Disability ⁽²⁾	Special Circumstance Termination ⁽³⁾
Compensation:				
Base Salary	—	\$550,000	—	\$ 550,000
Equity Awards	—	—	\$3,668,148	2,609,190
Benefits:				
Non-qualified Pension	—	—	154,500	—
Deferred Compensation Payouts	—	—	900	—
Total	—	\$550,000	\$3,823,548	\$3,159,190

- (1) The amount reported under Base Salary reflects severance pay equal to Mr. Smialowski's annualized base salary of \$550,000 pursuant to our officer severance plan. Mr. Smialowski may be eligible to participate in the 2006 bonus program at the discretion of the Chief Executive Officer, Chief Operating Officer or Executive Vice President, Human Resources and Corporate Services. Any bonus paid under this program will be subject to CHRC approval.
- (2) The amount reported under Equity Awards reflects the value of all unvested RSUs, which vest immediately upon such termination, and the value of all unvested stock options, which become exercisable immediately upon such termination. For information on the calculation of the value of the RSUs and stock options, see Note (4) to Mr. Syron's table. The amount reported under Non-qualified Pension reflects the non-vested SERP Restoration Benefit as of September 30, 2006, which is payable under a disability event. The amount reported under Deferred Compensation Payouts reflects the non-vested SERP Make-Up Contribution as of December 31, 2006, which is payable upon a disability event. Mr. Smialowski is not eligible for the non-vested SERP Restoration Benefit or the non-vested Make-Up Contribution in the event of death.
- (3) The term "Special Circumstance Termination" has the same meaning as for Ms. Cook (see Note (3) to Ms. Cook's table). The amount reported under Base Salary reflects severance pay equal to Mr. Smialowski's annualized base salary of \$550,000 pursuant to our officer severance plan. The amount reported under Equity Awards reflects the value of Mr. Smialowski's 2006 long-term equity awards as of December 31, 2006.

Pursuant to the terms of a Restrictive Covenant Agreement between Mr. Smialowski and us, in the event that he was eligible for severance pay pursuant to the terms of our officer severance policy, the amount he would receive is equal to his annualized base salary at the time of termination; provided, that he executes a general release and waiver that is satisfactory to us which may contain, in addition to a release of claims, provisions related to non-participation in others' claims against us, non-competition, non-solicitation, non-disparagement, continued cooperation, treatment of confidential information and such other provisions as we deem appropriate. If

Mr. Smialowski's employment with us terminates for any reason (other than disability or death) prior to the lapse of restrictions on his RSU grants, he forfeits all of the units.

Martin F. Baumann

Mr. Baumann resigned his position as Executive Vice President, Finance and Chief Financial Officer effective March 21, 2006, and entered into a separation agreement with us dated March 21, 2006, which superceded his prior employment agreements and retention agreements with us. For information on Mr. Baumann's termination benefits, see "Employment and Separation Agreements — *Martin F. Baumann*" below.

Employment and Separation Agreements

The employment and separation agreements described below for Mr. Syron, Mr. McQuade, Mr. Pizel, Ms. Cook, Mr. Smialowski and Mr. Baumann are available on Freddie Mac's website at www.freddiemac.com/governance. For information on the termination provisions in Mr. Syron's, Mr. McQuade's, Mr. Pizel's, Ms. Cook's and Mr. Smialowski's employment agreements, as well as certain compensation agreements we entered into with Messrs. Syron and McQuade on June 1, 2006 and March 3, 2007, see "Potential Payments Upon Termination or Change in Control" above.

We entered into employment agreements with each of the named executive officers when they first joined us. All of our named executive officers, with the exception of Mr. Smialowski, are parties to currently effective agreements. Mr. Smialowski's agreement only governed his compensation in 2005. Some agreements contain minimum guarantees with respect to base pay, bonus, and long-term equity awards, as well as special provisions applicable upon termination. The CHRC and management considered the executive protections (such as guaranteed bonuses and special termination benefits) provided by each of these agreements necessary in order to achieve our goal of recruiting and retaining exceptional leaders and executive officers during a time of transition.

Messrs. Syron's, McQuade's and Pizel's base salary, minimum bonus opportunities, and long-term equity award opportunities are set by the terms of their employment agreements. Ms. Cook's base salary is set by the terms of her employment agreement. Mr. Baumann's release and separation arrangement was entered into on March 21, 2006.

Richard F. Syron

Mr. Syron was appointed Chairman of the Board and Chief Executive Officer, effective December 31, 2003. The terms of his employment with us are governed by (a) a December 6, 2003 employment agreement, as supplemented by a December 12, 2003 agreement that continues in effect until the earlier of December 31, 2008 or the occurrence of an event of termination, (b) a June 1, 2006 compensation agreement and (c) a March 3, 2007 compensation agreement. The June 1, 2006 agreement superceded the provisions of Mr. Syron's employment agreement that pertain to his cash bonus target for performance during 2006. The March 3, 2007 agreement supercedes the provisions of Mr. Syron's employment agreement that pertain to his cash bonus target for performance during 2007 and to his 2007 annual equity award.

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During the term of Mr. Syron's agreement, Mr. Syron receives an annual minimum base salary of \$1,100,000, which amount may be increased in the discretion of the CHRC. The agreement also provides that he has the opportunity to earn an annual cash bonus targeted at 120% of his base salary, subject to a maximum payment of 200% of that target.

Subject to modifications to Mr. Syron's employment agreement described above, Mr. Syron is entitled to receive an annual equity award with an aggregate value on the grant date of \$8,800,000, of which at least 50% is in the form of RSUs and the rest is in the form of stock options. The CHRC may in its discretion award a higher percentage of RSUs. Under the agreement, all of the RSUs will vest on the fifth anniversary of the grant date, and the stock options will generally vest in four equal annual installments beginning on the first anniversary of the grant date; provided, that the CHRC in its discretion may accelerate the vesting of the RSUs or stock options or provide for an accelerated vesting schedule.

During the term of the employment agreement, we will maintain, at our cost, term life insurance on the life of Mr. Syron for the benefit of his beneficiaries, with a face amount equal to \$10,000,000. If Mr. Syron remains employed by us through December 31, 2008, upon the later to occur of December 31, 2008 and his turning 65, we will deliver to Mr. Syron a fully paid-up permanent life insurance policy with a face amount equal to \$4,000,000.

Pursuant to the agreement, Mr. Syron is entitled to participate in all other compensation and employee benefit or perquisite programs generally available from time to time to our senior executives, on the terms and conditions then prevailing under each such program, except that Mr. Syron is not eligible to participate in our officer severance plan or policy.

Mr. Syron is subject to non-competition and non-solicitation restrictions for periods of two years and one year, respectively, following the termination of his employment with us.

Eugene M. McQuade

We entered into an August 3, 2004 employment agreement with Mr. McQuade, which provides for his employment as President and Chief Operating Officer, effective September 1, 2004. The agreement has an initial term of three years and is subject to automatic extension for successive one-year periods unless either party gives notice that such extension shall not occur. A June 1, 2006 agreement supercedes the provision of Mr. McQuade's employment agreement that pertains to his cash bonus target for performance during 2006. A March 3, 2007 agreement supersedes the provision of Mr. McQuade's employment agreement that pertains to his cash bonus target for performance during 2007 and to his 2007 annual equity award.

Mr. McQuade's agreement is similar to Mr. Syron's employment agreements, with the following differences:

- An annual base salary of \$900,000, which amount may be increased in the discretion of the CHRC;
- A sign-on bonus of \$2,000,000 (however, if Mr. McQuade resigns for other than good reason or is terminated for cause during the initial three-year term of his agreement, he is required to repay us a pro-rata portion of the sign-on bonus);

- The opportunity to earn an annual cash bonus targeted at 100% of his base salary, subject to a maximum bonus of 200% of his base salary.
- An annual equity award with an aggregate value on the grant date of \$6,000,000, of which at least 50% will be in the form of RSUs and the rest will be in the form of stock options. The CHRC may in its discretion award a higher percentage of RSUs. The RSUs will vest on the fourth anniversary of the grant date, and the options will vest in four equal annual installments beginning on the first anniversary of the grant date, unless the CHRC determines otherwise.
- Participation in (i) all other incentive and other compensation programs generally available to senior executives, (ii) executive and employee benefit plans or programs at a level commensurate with his position and duties with us, and (iii) all special benefit or perquisite programs generally available from time to time to our Chief Executive Officer, all on the terms and conditions then prevailing under each such program, except that Mr. McQuade is not eligible to participate in our officer severance plan or policy; and
- At our cost, term life insurance on the life of Mr. McQuade for the benefit of his beneficiaries with a face amount of \$7,000,000, which will be converted to a fully paid-up permanent life insurance policy with a face amount of \$2,800,000 on the later to occur of the termination of his employment with us or his turning 60, if Mr. McQuade remains employed by us through both the scheduled termination date of the employment agreement and his turning 60.

The CHRC, in accordance with the terms of our stock compensation plan, will determine the exercise price of the stock options granted pursuant to Mr. McQuade's employment agreement. The vesting of Mr. McQuade's initial and annual equity-based compensation is subject to his continued employment with us. The CHRC in its discretion may accelerate the vesting of the RSUs or stock options or provide for an accelerated vesting schedule.

Mr. McQuade also is subject to non-competition and non-solicitation restrictions similar to those of Mr. Syron for periods of two years and one year, respectively, following the termination of his employment with us.

Anthony S. Pizel

Mr. Pizel joined us as our Executive Vice President and Chief Financial Officer on November 13, 2006. Under the terms of a letter agreement dated October 14, 2006, Mr. Pizel receives an annualized base salary of \$650,000 and the opportunity to earn annual bonuses and long-term equity awards. Under the terms of the agreement, Mr. Pizel received a one-time sign-on bonus in the amount of \$7,500,000, composed of \$2,500,000 in cash and \$5,000,000 in the form of RSUs. The number of RSUs subject to the sign-on award is 78,940, which vest in four equal annual installments beginning on December 7, 2007. The agreement also provides Mr. Pizel with an opportunity to earn an annual cash bonus targeted at \$1,007,500, with guaranteed minimum annual bonuses for 2006 and 2007 of \$600,000 and \$1,007,500, respectively.

The agreement provides Mr. Pizel with an annual long-term equity award with a targeted aggregate value of \$3,000,000, with a guaranteed minimum equity award in 2007 of \$3,000,000. The long-term equity award vests in four equal annual installments beginning on the first anniversary of

the grant date. The agreement also provides, in addition to our standard senior officer relocation benefit, that we will pay for four months temporary living at a local hotel or comparable living arrangement (in lieu of our standard temporary living relocation benefit); for reimbursement of up to \$40,000 in travel costs incurred by Mr. Pizel and his immediate family members prior to permanent relocation to the Washington, D.C. area; and for a cash payment of \$200,000 to cover relocation expenses not covered by our standard senior officer relocation benefit, as well as a tax gross-up to offset Mr. Pizel's personal tax liability associated with the cash payment.

Patricia L. Cook

Ms. Cook joined us as our Executive Vice President, Investments on August 2, 2004 and became Executive Vice President, Investments and Capital Markets on February 1, 2005. Under the terms of a letter agreement dated July 8, 2004, as amended by a letter agreement dated July 9, 2004 and action taken by the CHRC on May 6, 2005, Ms. Cook receives an annualized base salary of \$600,000 and an annual cash bonus targeted at 167% of her bonus eligible earnings (currently defined as base salary), subject to a maximum of 200% of this target, absent approval by the CHRC of a greater amount. Ms. Cook also has the opportunity to earn an annual long-term equity award that has no maximum award restriction.

Joseph A. Smialowski

Mr. Smialowski joined us as our Executive Vice President, Operations and Technology on December 1, 2004. Under the terms of a letter agreement dated November 1, 2004, Mr. Smialowski received an initial annualized base salary of \$500,000, which was increased in 2006 to \$550,000, and the opportunity to earn short-term and long-term performance-based awards.

Martin F. Baumann

We hired Mr. Baumann in April 2003 as Executive Vice President, Finance. In June 2003, he was appointed Chief Financial Officer. Mr. Baumann resigned from these positions effective March 21, 2006. We entered into a separation agreement with Mr. Baumann effective March 21, 2006, which supercedes his letter agreements and retention agreements with us prior to that date. The separation agreement provides, among other matters, the following termination benefits:

- Mr. Baumann's continued service to Freddie Mac as Executive Vice President, Special Advisor to the President and Chief Operating Officer until May 31, 2006, at his then-current base salary of \$540,000, together with a bonus of \$750,000 for his service in 2005.
- Mr. Baumann's availability to advise and consult with us on an as-needed basis until December 31, 2008 ("Availability Period"), for no more than 15 days per calendar quarter without his consent.
- Severance in the amount of \$540,000 payable over one year in semi-monthly installments commencing six months after May 31, 2006.

- With respect to a November 1, 2005 retention award, a cash payment of \$1,000,000 and settlement on December 31, 2007 of RSUs that had a value on the grant date of \$1,000,000.
- Forfeiture of all stock options unvested as of May 31, 2006 and 25% of the RSUs granted in 2005 as part of the annual equity award.
- With respect to RSUs granted in 2003 and 2004 and 75% of the RSUs granted in 2005, continued settlement through December 31, 2008 in accordance with their terms.

Mr. Baumann also has agreed to non-competition, non-solicitation, non-disparagement and cooperation covenants that apply during the Availability Period. Mr. Baumann will forfeit any remaining payments and benefits, and promptly return to us any payments or benefits provided under the separation agreement in the event that he materially breaches his obligations under the agreement pertaining to consultation (as described above), general release of claims, non-competition, non-solicitation, cooperation, non-disparagement and treatment of our confidential business information.