

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

As part of our implementing the Sarbanes-Oxley Act, the Audit Committee (rather than the full Board) selects our independent auditors, reviews the scope of the annual audit and pre-approves audit-related and other services to be performed by the independent auditors. The Audit Committee has evaluated the performance of PricewaterhouseCoopers and has selected them as our independent auditors for our fiscal year 2005. You are requested to ratify the Audit Committee's appointment of PricewaterhouseCoopers as independent auditors for our fiscal year 2005. Representatives of PricewaterhouseCoopers will be present at the annual meeting and will be given the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from stockholders present at the meeting. Unless stockholders specify otherwise in the proxy, proxies solicited by the Board will be voted by the proxy holders at the annual meeting to ratify the selection of PricewaterhouseCoopers as our independent auditors for our fiscal year 2005. A majority of the votes cast at the annual meeting is required for ratification.

Description of Fees⁽¹⁾

The following is a description of fees billed to us by PricewaterhouseCoopers during 2003 and 2004.

| | <u>2004</u> | <u>2003</u> |
|-----------------------------------------|---------------------|---------------------|
| Audit Fees ⁽²⁾ | \$63,848,550 | \$46,105,623 |
| Audit-Related Fees ⁽³⁾ | 9,540,394 | 1,442,000 |
| Tax Fees ⁽⁴⁾ | 23,940 | 74,333 |
| All Other Fees ⁽⁵⁾ | 498,184 | 321,646 |
| Total | <u>\$73,911,068</u> | <u>\$47,943,602</u> |

(1) These fees represent amounts billed within the designated year and include reimbursable expenses of \$4,106,392 and \$4,908,121 for 2004 and 2003, respectively.

(2) Audit fees include fees billed by PricewaterhouseCoopers in connection with the audits of our annual consolidated financial statements. The audit fees during 2003 primarily represent fees in connection with the reaudit of our 2000 and 2001 consolidated financial statements and the audit of our 2002 consolidated financial statements. The audit fees during 2004 include fees for portions of the 2002 (\$4,214,550) and 2004 (\$15,000,000) audits, and fees (\$44,634,000) related to the 2003 audit. In addition to the amounts shown above, approximately \$16.6 million of fees and \$1.7 million of reimbursable expenses have been billed in 2005 for the 2004 audit, and an additional \$1.7 million of reimbursable expenses have been billed in 2005 for the 2003 and 2002 audits. Audit fees of \$18,250 and \$15,000 in 2004 and 2003, respectively, related to the Freddie Mac Foundation are excluded because these fees are incurred and paid separately by the Freddie Mac Foundation.

(3) 2004 audit-related fees principally include fees related to internal control design reviews (\$6,791,668), agreed upon procedures associated with Freddie Mac sponsored securitization transactions (\$1,393,500) and proxy disclosures (\$150,000), and internal control reviews of various reporting processes (\$1,205,227), including an internal control review associated with the consent order we entered into with OFHEO (\$592,479). 2003 audit-related fees principally include fees related to agreed upon procedures associated with Freddie Mac sponsored securitization transactions (\$1,342,000) and internal control design reviews (\$100,000).

(4) Tax fees include fees for providing periodic updates on tax matters and certain advisory services.

Proposal 2: Ratification of Appointment of Independent Auditors

- (5) All other fees in 2004 primarily relate to an independent assessment of the internal accounting function associated with the consent order we entered into with OFHEO (\$495,184). All other fees in 2003 primarily relate to advisory procedures surrounding our non-GAAP financial measures (\$300,000).

Approval of Independent Auditor Services and Fees

The Sarbanes-Oxley Act and rules adopted by the SEC thereunder require that all services provided to companies subject to the reporting requirements of the Exchange Act by their independent auditors be pre-approved by their audit committee or by authorized members of the committee, with certain exceptions. The Audit Committee's charter requires that the Audit Committee pre-approve any audit services, and any non-audit services permitted under applicable law, to be performed by our independent auditors (or to designate one or more members of the Audit Committee to pre-approve such services and to report such pre-approval to the Audit Committee).

Audit services that are within the scope of an auditor's engagement letter approved by the Audit Committee prior to the performance of those services are deemed pre-approved and do not require separate pre-approval. Audit services not within the scope of an Audit Committee-approved engagement letter, as well as permissible non-audit services, must be separately pre-approved by the Audit Committee.

When the Audit Committee pre-approves a service, the Audit Committee typically sets a dollar limit for such service. Management endeavors to obtain pre-approval of the Audit Committee, or of the Chairman of the Audit Committee (when the Chairman of the Audit Committee has been delegated such authority), before it incurs fees in excess of the dollar limit. If the Chairman of the Audit Committee approves the increase, the Chairman will report his actions at the Audit Committee's next scheduled meeting.

The pre-approval procedure is administered by our senior financial management, which reports throughout the year to the Audit Committee. The Audit Committee pre-approved all audit and non-audit services performed in 2004, except for \$8,160 of fees in connection with certain audit-related agreed upon procedures performed by PricewaterhouseCoopers in November 2004 that were reviewed and ratified by the Audit Committee in December 2004. These fees represented less than 0.1% of the total amount of audit-related services for 2004 and were billed to Freddie Mac in 2005.

We recommend that you vote *for* the ratification of the selection of PricewaterhouseCoopers as our independent auditors for 2005.

OTHER PROPOSED ACTIONS

As of the date of this Proxy Statement, there are no matters that the Board intends to present, or has reason to believe others will present, for a vote at the annual meeting other than those described in this Proxy Statement. If any other matters come before the annual meeting, the persons designated as proxies will vote in accordance with their best judgment.

AVAILABILITY OF ANNUAL REPORT

Our Annual Report, which contains audited consolidated financial statements for 2004 and other information, accompanies this Proxy Statement. Additional copies of the Annual Report and any Information Statement Supplements may be obtained without charge by visiting our Internet Website (www.freddiemac.com/investors) or by writing or calling us at:

Freddie Mac
Investor Relations Department
Mailstop D40
1551 Park Run Drive
McLean, VA 22102-3110
Telephone: (571) 382-4732 or 1-800-FREDDIE (800-373-3343)
shareholder@freddiemac.com

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING

Section 16(a) of the Exchange Act requires directors and certain officers of reporting companies, and persons who own more than 10% of a registered class of such company's equity securities, to file reports of ownership and changes in ownership with the SEC and the exchange on which such company's securities trade, and to furnish the company with copies of the reports. Until Freddie Mac completes voluntary registration with the SEC, its directors and executive officers are not subject to these requirements. However, Freddie Mac's directors and executive officers provide the equivalent of Section 16(a) reports to us, and we make them available on our Website at www.freddiemac.com within the same time frames observed by reporting persons of SEC registrants. Freddie Mac believes that during the 2004 fiscal year, its directors and executive officers complied with such reporting obligations except for the following item. Due to an administrative error, the Form 3 filed by Joseph Smialowski upon his appointment as Executive Vice President — Operations and Technology did not reflect his ownership of 500 shares of Freddie Mac preferred stock. This error resulted from the failure of Mr. Smialowski's investment account manager to execute his instructions to sell those shares prior to his joining Freddie Mac. After learning that the shares had not been sold, Mr. Smialowski subsequently provided us with an amended Form 3 that reflected his beneficial ownership of those shares.

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR NEXT ANNUAL MEETING OF STOCKHOLDERS

As we did for this annual meeting, we will announce by press release the timeframes and process for submitting stockholder proposals and director nominations once we are more certain regarding the timing of the next annual meeting. To be considered for inclusion in the next proxy statement, stockholder proposals must be submitted in writing by the announced deadline to the

Other Matters

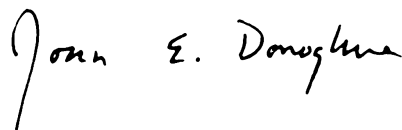
Corporate Secretary, Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22102. The written notice must be accompanied by specific information regarding the proposal and the interest of the stockholder. If the stockholder does not comply with the requirements as set forth in our bylaws, the chair of the next annual meeting may declare the proposal not properly brought before the meeting.

Stockholder nominations of candidates for election as directors must be submitted in writing to the Corporate Secretary, Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22102 by the same deadlines as for stockholder proposals. The written notice must include (i) the name, age, business address and residential address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) a description of all arrangements or understandings between the stockholder and the nominee and any other person relating to the nomination, and (iv) all other information about the nominee that would be required to be included in a proxy statement soliciting proxies for the election of directors under the rules promulgated under the Exchange Act, as well as a written consent from the nominee to being named in the proxy statement and to serve if elected, as described in Section 3.03 of our bylaws. The stockholder also must provide his, her or its name and record address, the number of shares beneficially owned and a representation that the stockholder intends to appear in person or by proxy at the meeting to make the nomination. If the stockholder does not comply with the requirements of Section 3.03 of our bylaws, the chair of the annual stockholders' meeting may so declare to the meeting and the defective nomination will be disregarded.

SOLICITATION BY BOARD; EXPENSES OF SOLICITATION

Our Board has sent you this Proxy Statement. We will pay all expenses in connection with the solicitation of the enclosed proxy. In addition to solicitation by mail, our officers and employees, who will receive no extra compensation for their services, may solicit proxies by telephone, in writing or in person. We also have retained Morrow & Co. Inc., a proxy soliciting firm, to assist in the solicitation of proxies for an estimated fee of \$15,000 plus reimbursement of reasonable out-of-pocket expenses. We also will reimburse the expenses of brokers and nominees who hold shares in their names to furnish proxy materials to the beneficial owners of such shares and, upon request, will reimburse such brokers and nominees for their reasonable out-of-pocket expenses.

By Order of the Board of Directors,



Joan E. Donoghue
*Senior Vice President, General
Counsel and Corporate Secretary*

June 14, 2005

Other Matters

FREDDIE MAC'S CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of the Federal Home Loan Mortgage Corporation (“Freddie Mac” or the “Company”) has adopted the Corporate Governance Guidelines (the “Guidelines”) set forth below to assist the Board in the exercise of its responsibilities. These Guidelines should be interpreted in accordance with any applicable legal requirements, including those imposed by federal or state law or regulation, the New York Stock Exchange and Freddie Mac’s statutory Charter and Bylaws. The Board may amend these Guidelines from time to time.

The Governance and Nominating Committee is responsible for reviewing and recommending to the Board appropriate changes to these Guidelines to reflect changes in legal or regulatory requirements, evolving governance practices and the Board’s policies and procedures. The Governance and Nominating Committee also oversees the implementation of the Guidelines by the Board and management. These Guidelines are published on Freddie Mac’s Internet website (www.freddiemac.com) and will be provided in print to any stockholder on request.

1. BOARD SIZE AND BOARD COMMITTEES: Under its statutory Charter, Freddie Mac’s Board of Directors has 18 members (“Directors”), with 13 elected by Freddie Mac’s stockholders and five appointed by the President of the United States. Stockholder-elected and Presidentially appointed Directors have the same responsibilities.

The Board’s standing committees include an Audit Committee, a Compensation and Human Resources Committee, and a Governance and Nominating Committee (the members of which include the Lead Director and the chairs of all of the other standing committees). Other standing committees, which address Freddie Mac business matters, are the Finance and Capital Deployment Committee and the Mission and Sourcing Committee. Each Committee has a charter, adopted by the Board and published on Freddie Mac’s Internet website (www.freddiemac.com), that specifies its authority and responsibilities.

2. BOARD AND COMMITTEE MEETINGS: The Board will meet at least eight times each year, including at least six regularly scheduled meetings, and at least once each calendar quarter. The Audit Committee and the Governance and Nominating Committee also will meet at least eight times each year and the Board anticipates an average of eight meetings per year of all of its standing Committees, subject to business needs. All standing Committees will hold at least six regularly scheduled meetings each year. The schedule of Board and standing Committee meetings is determined annually, in advance. The length of such meetings will depend on the number and nature of the matters to be addressed, but most regularly scheduled sets of Board and standing Committee meetings will run for at least one and a half days. Agendas for Board meetings are set by the Chairperson, with input from the Lead Director, other members of the Board and management. Agendas for Committee meetings are set by the chairs of the respective Committees, with input from other Committee members and management.

3. DIRECTOR RESPONSIBILITIES: The primary responsibility of members of the Board of Directors is to promote the fulfillment of Freddie Mac’s public mission, the Company’s safety and soundness, and the interests of the Company’s stockholders, through their oversight of Freddie Mac’s business.

In fulfilling this role, some of the specific functions of the Board are to:

- Promote ethical conduct on the part of the Company and its employees and oversee its compliance with applicable laws and regulations and the integrity of its financial disclosures.
- Oversee the development of corporate strategy and monitor its implementation.
- Select and evaluate the Chief Executive Officer and plan for management succession.
- Oversee the establishment and implementation of effective corporate governance processes.

Consistent with applicable legal requirements, the Board may delegate some of these functions to a Committee.

Directors are expected to devote the time and attention necessary to fully discharge their responsibilities as members of the Board and Committees, including attending all meetings of the Board and of Committees of which they are members. Materials scheduled to be discussed at the meetings are sent to Directors in advance of the meetings, except in unusual circumstances, and Directors are expected to review those materials prior to the meetings.

4. BOARD AND COMMITTEE INDEPENDENCE: A substantial majority of the members of the Board will be independent, as determined by the Directors who are not officers or employees of Freddie Mac (“Outside Directors”), acting on behalf of the Board, under the standards set forth in these Guidelines. All members of the Audit Committee, Compensation and Human Resources Committee and Governance and Nominating Committee and the chairs of all standing committees will be independent under those standards (and, in the case of Audit Committee members, the requirements of SEC Rule 10A-3(b)(1)).

Before publication of Freddie Mac’s annual proxy statement, the Outside Directors will make a determination regarding the independence of each nominee for election or re-election to the Board, each Director appointed by the President, and any other Director who joined the Board since the last annual independence determination. These determinations and the basis for them (including, as applicable, application of the independence standards set forth below) will be disclosed in the proxy statement.

Each independent Director is obligated to inform the Board promptly of any change in circumstances that might cause the Board to conclude that the Director is no longer independent. The Outside Directors shall consider any such information and, if they determine that the Director is no longer independent, that determination and the basis for it shall be disclosed on Freddie Mac’s Internet website (www.freddiemac.com).

5. INDEPENDENCE STANDARDS: For a Director to be considered independent, the Board must determine that the Director does not have any material relationship with Freddie Mac.

The Board will solicit, and each Director will disclose to the Board, information concerning any employment, personal service or charitable relationships of the general types described below (regardless of whether the relationships satisfy the specified criteria) and any other potentially material relationships, direct or indirect, between the Director and Freddie Mac.

In determining whether a Director is independent, the Board will consider whether any such relationships, taken as a whole, would impair the Director’s judgment as a member of the Board or

create the perception or appearance of such an impairment. When another entity has a relationship with both a Director and Freddie Mac, the Board will take into consideration the nature and extent of those relationships.

To assist it in making and disclosing independence determinations, and as contemplated by the rules of the New York Stock Exchange, the Board has established independence categories, set forth below, that cover a number of types of actual or potential Director relationships. Criteria associated with each category specify the types of relationships within the category that will require a determination that a Director is not independent. Other relationships that fall within the categories will not preclude a finding that a Director is independent. However, the Board will consider any such relationships, along with any potentially material relationships that do not fall within these categories, in determining whether all of the Director's relationships, taken as a whole, impair the Director's independence.

| CATEGORIES | CRITERIA |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employment by Freddie Mac | A Director will not be deemed independent if, within the past three years, the Director was employed by Freddie Mac, or an immediate family member was an executive officer of Freddie Mac or employed in a professional capacity in Freddie Mac's Internal Audit Division. For purposes of these Guidelines, an immediate family member means a spouse, parents, children, siblings, in-laws (including mothers, fathers, sons, daughters, brothers and sisters-in-law), and anyone other than a domestic employee who shares a Director's home. |
| Direct Compensation from Freddie Mac | A Director will not be deemed independent if, during any twelve-month period within the past three years, the Director or an immediate family member received more than \$100,000 in direct compensation from Freddie Mac (other than fees for Board service, and pension or other deferred compensation for prior service which is not contingent on continued service). If a Director or an immediate family member received any such compensation in an amount that did not exceed \$100,000 during any twelve-month period within the past three years, the Director will not be deemed independent unless the Board specifically determines otherwise. |
| Affiliation with or Employment by Freddie Mac's External Auditor | A Director will not be deemed independent if: (i) the Director is a partner or employee of Freddie Mac's current external auditor; (ii) an immediate family member of the Director is a partner of the current external auditor or an employee who participates in the auditor's audit, assurance or tax compliance practices; or (iii) during the last three years, the Director or an immediate family member was a partner or employee of the current external auditor and personally worked on Freddie Mac's audit. |

Freddie Mac Executive Officer Membership on the Board of a Director's Employer

A Director will not be deemed independent if, within the past three years, a current executive officer of Freddie Mac served on the board of directors of the employer of the Director or of an immediate family member at the time that the Director or immediate family member was an executive officer of that employer.

Affiliation with an Entity that Does Business with Freddie Mac

A Director will not be deemed independent if the Director is an executive officer or employee, or an immediate family member is an executive officer, of a company that, during any one of that company's past three fiscal years, made payments to, or received payments from, Freddie Mac for property or services in an amount that exceeded the greater of \$1 million or 2% of that company's consolidated gross revenues in that fiscal year.

Consulting Services to Freddie Mac Executive Officers

Unless the Board makes a specific determination otherwise, a Director will not be considered independent if, during the past three years, (i) the Director or an immediate family member received any fees for providing accounting, consulting, legal, investment banking or financial advisory services to a current executive officer of Freddie Mac, (ii) the Director or an immediate family member was an executive officer, partner or managing director (or held a similar position) in a business unit that provided such services within an organization that received such fees, or (iii) the Director or an immediate family member was a 10% or more equity holder of an organization that received such fees.

Affiliation with a Charity that Receives Contributions from Freddie Mac

Unless the Board makes a specific determination otherwise, a Director will not be considered independent if the Director or the Director's immediate family member is an officer, director or trustee of a charitable institution (other than the Freddie Mac Foundation) that, during any one of the last three years, received more than \$100,000, or 2% of its consolidated gross revenues, whichever is greater, during that year from charitable contributions by Freddie Mac, direct contributions by the Freddie Mac Foundation, Freddie Mac Foundation matching contributions for executive officers, and contributions by executive officers of Freddie Mac.

Open Market Transactions in Freddie Mac Securities

A Director's independence will not be considered impaired because the Director, or an organization with which the Director is affiliated, buys or sells Freddie Mac securities in open market transactions or other arms-length transactions (such as auctions), for the Director's own account or the account of others.

6. DIRECTOR QUALIFICATIONS AND NOMINATIONS: Freddie Mac’s Board seeks candidates for election to the Board who have achieved a high level of stature, success and respect in their principal occupations. Directors must exemplify high standards of integrity and be committed both to Freddie Mac’s public mission and to the interests of its stockholders. Freddie Mac seeks to have a diversity of talent on the Board. Candidates will be selected for their character, judgment, experience and expertise.

Directors must have the ability and time to commit to Board service. For this reason, the Board has established the following recommendations and ceilings for membership by Outside Directors on the boards of directors of other publicly-traded companies (in addition to Freddie Mac’s Board and, for CEOs and other fully employed Directors, the board of directors of the Director’s employer if applicable), depending on the nature of the Director’s employment:

| <u>Employment Status</u> | <u>Recommendation</u> | <u>Ceiling</u> |
|------------------------------------------------------|-----------------------|--------------------|
| CEO of a public company or other comparable position | None | No more than one |
| Other full-time employment | No more than two | No more than three |
| Other Directors | No more than four | No more than five |

Members of Freddie Mac’s Audit Committee may not serve on more than two other public company audit committees.

The Board may permit a Director to serve on other boards of directors and/or audit committees in excess of the above ceilings if the Board determines, in light of the nature of such commitments, that such service will not impair the Director’s ability to serve effectively as a member of Freddie Mac’s Board and the Committees on which the Director sits. Any such determination shall be published in Freddie Mac’s annual proxy statement.

A Freddie Mac employee whose employment terminates while he or she is a member of the Board of Directors shall be deemed to have tendered his or her resignation as a Director, effective as of the date of termination of his or her employment. The Board shall determine whether the resignation should be accepted in light of applicable circumstances.

The Board recognizes the benefits to be gained from both long-term service and the periodic addition of new members to the Board. As part of the annual nomination process, the Governance and Nominating Committee considers candidates for nomination that may come to its attention through several different means, including recommendations from Board members, senior management and professional search firms, stockholder nominations, and other sources. The Committee considers the needs of the Company and the talents and skills then available on the Board and makes appropriate recommendations. The Committee considers the independence of the stockholder-elected Directors, their willingness to continue to serve on the Board and devote the necessary time, the contributions that they have made to Board and Committee discussions and decision making, their continued involvement in business and professional activities relevant to the Company, the skills and experience that should be represented on the Board, the availability of other individuals with desirable skills to join the Board and the desire to maintain a diverse Board. The Committee then recommends, and the Board determines, whether to nominate such Directors for election for another term.

An Outside Director elected by the stockholders shall not be renominated for election to the Board if the Director will have served on the Board for ten years at the time of such election, unless the Board determines, on the recommendation of the Governance and Nominating Committee, that the interests of Freddie Mac and its stockholders strongly support continued service by that Director for

another term, and any necessary regulatory approval has been obtained. Any such determinations shall be disclosed in Freddie Mac's annual proxy statement. A Director shall not be renominated for more than one additional term on the basis of such a determination.

The Board has determined that the interests of Freddie Mac and its stockholders strongly support a transition period of service for the three Directors who have served on the Board for more than ten years. To ensure an orderly transition, and subject to any necessary regulatory approval, one of those three Directors may be renominated for no more than one additional term beginning in July 2005 and another of those three Directors may be renominated for no more than two such additional terms, without any further express determination by the Board.

A Director elected by the stockholders who will have reached age 72 by the date of the next election of Directors shall not be renominated for election to the Board unless the Board determines, on the recommendation of the Governance and Nominating Committee, that the interests of Freddie Mac and its stockholders strongly support continued service by that Director for another term, and any necessary regulatory approval has been obtained. Any such determination shall be disclosed in Freddie Mac's annual proxy statement. A Director shall not be renominated for more than one additional term on the basis of such a determination.

A change in a Director's status (such as a change in principal occupation) triggers a review by the Governance and Nominating Committee concerning the Director's continued membership on the Board.

7. SELECTION OF CHAIRPERSON: The Board elects one of its Directors as its Chairperson each year at its first meeting after the annual stockholders' meeting. If at any time the Chairperson is not an independent Outside Director, the Board also shall elect an independent Outside Director as Lead Director. If the Chairperson is an independent Outside Director, the Chairperson shall serve as Lead Director unless the Board elects another independent Outside Director to that position.

8. EXECUTIVE SESSIONS OF OUTSIDE DIRECTORS: The Outside Directors meet in executive session at each regular meeting of the Board, and at any additional times as the Chairperson (if an independent Outside Director), the Lead Director or a majority of the Outside Directors may determine. If any of the Outside Directors are not independent, then the independent Outside Directors also shall meet separately at least once each year. The Chairperson (if an independent Outside Director) or the Lead Director sets the agenda for meetings of the Outside Directors and, if applicable, the independent Outside Directors, based on input from the other Directors eligible to attend such meetings, and presides over the meetings.

9. COMMUNICATIONS: Any investor, employee or other interested party may contact the Board at an address published on Freddie Mac's Internet website (www.freddiemac.com) and in its annual proxy statement. Comments or complaints relating to accounting, internal accounting controls or auditing matters will be forwarded to the Chair of the Audit Committee, for treatment pursuant to the Audit Committee's complaint procedures, and to the Lead Director. All other comments will be forwarded to the Lead Director. Comments that indicate that they are to be submitted to the Lead Director or the Chair of the Audit Committee anonymously or confidentially will be treated accordingly. Comments will be acknowledged in writing by the Corporate Secretary upon receipt, unless they are anonymous.

The Lead Director or Chair of the Audit Committee, as applicable, will take whatever action he or she believes appropriate in response to such communications and may seek advice from the other Outside Directors, the Board, a Board Committee, independent advisors and/or management.

Employees may communicate with management, the Internal Audit Division or the Audit Committee of the Board to express concerns or complaints regarding accounting matters, internal accounting controls or auditing matters. Procedures for employees to submit such concerns and complaints, which may be submitted anonymously, are set forth in a Corporate Policy available to all employees.

Management generally speaks on behalf of Freddie Mac. Public communications by the Board, when appropriate, will generally be made by, or at the direction of, the Chairperson of the Board.

10. ANNUAL BOARD PERFORMANCE EVALUATION: Each year, the standing Committees evaluate their performance. The Board also evaluates its performance and, with input from each of the standing Committees, the performance of those Committees. The evaluations include an assessment of the information being provided to the Board by management. The Governance and Nominating Committee oversees those evaluations and, based on the evaluations, makes appropriate recommendations to the Board and the Committees concerning their policies and procedures.

The Board reviews the performance of individual stockholder-elected Directors annually in conjunction with the annual nomination process.

11. SENIOR EXECUTIVE PERFORMANCE REVIEW AND COMPENSATION: The Compensation and Human Resources Committee annually evaluates the performance of Freddie Mac's CEO and approves the compensation of Freddie Mac's CEO and its other senior executives, other than the General Auditor.

In determining the compensation of the CEO and the other senior executives, the Compensation and Human Resources Committee considers Freddie Mac's performance, the executives' individual performance, their duties and responsibilities, and compensation for employment involving similar duties and responsibilities in similar businesses.

The Audit Committee annually reviews the performance of, and determines the compensation of, Freddie Mac's General Auditor.

12. MANAGEMENT SUCCESSION: The Compensation and Human Resources Committee develops and maintains succession plans for Freddie Mac's senior executives. These plans include both the identification of one or more employees who could immediately fill each executive position on an interim basis in the event of an emergency and the identification of one or more employees who could fill each position for a longer term based on a development plan. In the event of the CEO's inability to act or a vacancy in the position, the Chief Operating Officer will perform the CEO's duties until the Board appoints a temporary or long-term successor.

13. DIRECTOR ORIENTATION AND CONTINUING EDUCATION: The Board believes that an effective orientation program and ongoing education are beneficial in enabling Directors to fulfill their responsibilities. The Chairperson oversees development of the orientation program. The orientation for each new Director takes place as soon as practical after a Director joins the Board. The orientation consists of written materials and oral briefings by management that will assist the Director in effectively overseeing the Company and fulfilling the Director's duties. The orientation topics generally include Freddie Mac's charter and mission, business strategy and plans, significant risk exposures and risk management, financial statements, corporate governance, Directors' responsibilities, Code of Conduct and regulatory oversight.

The Board and individual Directors advise management about desired topics for Board discussions and continuing education to assist in fulfilling their duties as Directors. Continuing education for Directors includes presentations on relevant topics by speakers in conjunction with Board meetings.

Directors are encouraged to attend external educational and training programs relevant to their service as Directors. Freddie Mac pays Directors' expenses associated with external continuing education.

14. DIRECTOR COMPENSATION AND INVESTMENT IN FREDDIE MAC STOCK:

Each year, the Board reviews compensation for Outside Directors. The Board believes that appropriate Director compensation:

- Helps attract and retain superior candidates to serve on the Board;
- Should be weighted toward stock-based compensation to enhance alignment with stockholder interests, with restricted stock or other stock-based compensation constituting at least 50% of Director compensation; and
- Should reflect corporate performance relative to comparable companies.

Within three years after joining the Board, Directors are expected to hold an investment of at least \$100,000 in Freddie Mac stock unless the Compensation and Human Resources Committee determines that it is unduly burdensome for a Director to make such an investment. This requirement may be satisfied by holding common stock received through equity compensation upon exercise of stock options or lapsing of restrictions on restricted stock or restricted stock units.

Employee Directors do not receive additional compensation for their Board service.

15. DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS: Board members have complete access to Freddie Mac's management during and between Board meetings. In addition, the Board encourages the Chairperson to invite members of management to attend Board and Committee meetings to make presentations or to be available to respond to questions. The Board encourages direct communication between Directors and members of management, not limited to senior management.

The Board, its Outside Directors and any Board Committee (acting by a majority in each case) may retain any outside advisors that they deem appropriate to assist in fulfilling their responsibilities. Management will make funds available to pay any such advisors as directed by the Board, the Outside Directors or any Board Committee.

16. CODE OF CONDUCT: Freddie Mac Directors are subject to a Code of Conduct that is adopted by the Board and must agree to comply with that Code. Freddie Mac employees are subject to a Code of Conduct that is approved by the Audit Committee. Employees must certify annually that they are in compliance with the Code and must respond to an annual questionnaire from the Chief Compliance Officer concerning Code compliance. The Chief Compliance Officer reports to the Audit Committee at least annually on employee compliance with the Code of Conduct. The Director and employees Codes of Conduct shall be reviewed, and possible amendments to them shall be considered, at least once every three years. The Director and employee Codes of Conduct are published on Freddie Mac's Internet website (www.freddiemac.com) and will be provided in print to any stockholder on request.

June 2, 2005

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF THE FEDERAL HOME LOAN MORTGAGE CORPORATION**

[Amended and Restated by the Board of Directors on June 2, 2005]

Organization, Membership Requirements and Committee Processes

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the Federal Home Loan Mortgage Corporation (“Freddie Mac”) shall consist of at least three members, including at least one “audit committee financial expert”, as defined in the regulations of the Securities and Exchange Commission. The membership of the Committee shall be independent and shall comply with all applicable laws, regulations and listing standards.

One member of the Committee shall be designated by the Board as the Committee’s Chairman.

The Committee generally shall hold at least six regularly scheduled meetings and a total of at least eight meetings each year. These meetings shall include regular sessions with management; executive sessions with the internal auditors, the independent public accountants and Chief Compliance Officer; and such other sessions with the Chief Compliance Officer, the internal auditors and/or other members of management as the Committee deems appropriate. The Committee’s Chairman shall report regularly to the Board on the Committee’s activities and minutes of the Committee’s meetings shall be submitted to the Board.

The members of the Committee shall have access to any employees of Freddie Mac, and shall have the authority to engage outside consultants or advisors including, but not limited to, attorneys, accountants, auditors and management consultants, as the Committee may deem appropriate to fulfill its responsibilities. Freddie Mac shall provide appropriate funding for the retention of any such consultants or advisors and for other necessary and appropriate administrative expenses of the Committee, all as determined by the Committee.

Purposes, Powers, Duties and Responsibilities of the Committee

Pursuant to the authority granted to it by the Board, the Committee is hereby charged with the following authority and responsibilities:

1. To oversee the performance of the Internal Audit Department, including:
 - (a) to approve the Charter for the Internal Audit Department and any subsequent changes thereto;
 - (b) to hire and, at least annually, determine the compensation of, evaluate the performance of and determine whether to retain the Senior Vice President — General Auditor;
 - (c) to review, with the Senior Vice President — General Auditor the annual plan, organization and staffing for the Internal Audit Department for the upcoming year, including any amendments to such plan;
 - (d) to review, with the Senior Vice President — General Auditor, the results of audits completed since the previous report and the status of the internal audit plan; and

- (e) to assess the effectiveness of the Internal Audit Department in light of its Charter, its annual plan, and applicable professional standards.
2. To appoint and to oversee the performance of, and relationship with, the independent public accountants, who shall report directly to, and be ultimately accountable to, the Committee, including:
- (a) to appoint, evaluate and, as the Committee may deem it appropriate, to terminate and to replace the independent public accountants, in accordance with applicable legal requirements, including those relating to conflicts of interest and rotation of audit partners;
 - (b) to pre-approve any audit services, and any non-audit services permitted under applicable law, to be performed by the independent public accountants (or to designate one or more members of the Committee to pre-approve such services and to report such pre-approval to the Committee);
 - (c) to determine the compensation of the independent public accountants, funding for which shall be provided by Freddie Mac, and to approve any other fees that may be paid for services performed by any affiliate of the independent public accountants;
 - (d) to approve the independent public accountants' proposed audit scope and approach;
 - (e) to review with the independent public accountants and, as the Committee deems appropriate, with management, the annual audit, the management letter and management's responses to the letter, any other material written communications between the independent public accountants and management, including any such communications required by applicable professional standards, and any other matters the Committee may deem appropriate;
 - (f) to resolve any disagreements between management and the independent public accountants concerning financial reporting;
 - (g) to review with the independent public accountants any audit problems or difficulties and management's response;
 - (h) to obtain and review, at least annually, a formal written statement by the independent public accountants delineating all relationships between the independent public accountants and Freddie Mac, to discuss with the independent public accountants any disclosed relationships or services that may affect the objectivity and independence of the independent public accountants and to take appropriate action in response to the independent public accountants' statement to satisfy itself as to the continuing independence of the independent public accountants; and
 - (i) to obtain and review, at least annually, a report by the independent public accountants describing the firm's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry, investigation or inspection by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
3. To approve and review compliance with a policy concerning the hiring by Freddie Mac of current or former employees of the independent public accountants.

4. To approve and review compliance with a policy concerning the retention by Freddie Mac of accounting firms other than the independent public accountants.
5. To oversee the integrity of Freddie Mac's financial statements and disclosure, including:
 - (a) to review, with the independent public accountants and the Executive Vice President — Finance and Chief Financial Officer, the impact of any significant accounting, financial reporting or federal income tax financial reporting matters, changes or disputes affecting Freddie Mac's financial statements (including critical accounting policies, which include management judgments and estimates, and alternative accounting treatments);
 - (b) to review, with the independent public accountants and the Executive Vice President — Finance and Chief Financial Officer, drafts of Freddie Mac's quarterly condensed financial statements and annual financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, and, if appropriate, to recommend to the Board that the audited annual financial statements be included in the Annual Report to Shareholders;
 - (c) to review other significant Freddie Mac financial disclosure matters as identified by the Executive Vice President — Finance and Chief Financial Officer;
 - (d) to review with the Executive Vice President — Finance and Chief Financial Officer drafts of Freddie Mac's earnings press releases and the types of information to be disclosed, and the types of presentations to be made, in any earnings guidance provided to analysts and rating agencies; and
 - (e) to review, with the Executive Vice President — Finance and Chief Financial Officer: the adequacy of Freddie Mac's disclosure controls and procedures, including internal controls over financial reporting; any significant findings or recommendations by the independent public accountants or the Senior Vice President — General Auditor with respect to those controls; and management's responses to any such findings or recommendations.
6. To prepare the Committee's report for inclusion in Freddie Mac's annual proxy statement, in accordance with applicable regulatory requirements.
7. To review the annual reports of examination of the Office of Federal Housing Enterprise Oversight regarding the safety and soundness of Freddie Mac, and the findings and conclusions of any investigations of Freddie Mac or its operations produced by any governmental entity.
8. To assist Board oversight of Freddie Mac's compliance with legal and regulatory requirements, including by:
 - (a) reviewing with the Senior Vice President — Chief Compliance Officer Freddie Mac's compliance with legal and regulatory requirements and to meet at least annually with the Senior Vice President — Chief Compliance Officer in executive session;
 - (b) adopting and maintaining procedures for the submission, receipt, retention and treatment of complaints concerning accounting, internal accounting controls or auditing matters (including confidential, anonymous complaints by employees), or such other complaints as may come before the Committee, and overseeing the submission and resolution of such complaints;

- (c) taking action, as the Committee deems appropriate, to investigate and respond to any report by an attorney of evidence of a material violation of federal or state securities law, material breach of fiduciary duty or other similar violation of federal or state law;
 - (d) obtaining from the Senior Vice President — Chief Compliance Officer, the internal auditors, outside counsel, or any other internal or external party who investigates any complaint or report as specified in (b) or (c) above, a report concerning the issues, status and resolution of the complaint or report; and
 - (e) reviewing, at least annually, Freddie Mac’s compliance with capital and reporting requirements of the Office of Federal Housing Enterprise Oversight.
9. To review with Freddie Mac’s Senior Vice President — General Counsel, at least annually, the status of litigation in which Freddie Mac is involved, with such review to be more frequent in the case of litigation which is expected to have a significant impact on Freddie Mac’s financial statements.
10. To oversee management’s development and implementation of systems and programs for the detection and prevention of fraud.
11. To review, with the Executive Vice President — Finance and Chief Financial Officer, the Senior Vice President — Chief Enterprise Risk Officer, and other members of management, as appropriate, management’s policies, guidelines and processes with respect to the assessment and management of Freddie Mac’s market, credit and operational risk exposures.
12. With respect to the Corporation’s Codes of Conduct:
- (a) to approve material amendments to the Code of Conduct for Freddie Mac Employees (the “Employee Code”) and to report to the Board at least annually on such amendments;
 - (b) to recommend to the Board, as may be appropriate, changes to the Code of Conduct for Members of Freddie Mac’s Board of Directors (the “Director Code”); and
 - (c) to review any significant violations of the Employee Code and the Director Code that have been communicated to the Committee by the Chief Compliance Officer.
13. To review, at least annually, under the oversight of the Governance and Nominating Committee, this Committee’s performance, including review of its structure and operations (including authority to delegate to subcommittees), its process for reporting to the Board, and the process for determining the membership of the Committee, including qualifications for Committee membership.
14. To review and reassess the adequacy of the Committee’s Charter on an annual basis and recommend any changes to the Board for approval.
15. To perform such other duties as may from time to time be assigned by the Board or requested by the Board’s Chairman or the Lead Director.