

## PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

As provided in its charter (attached as Appendix B), 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 2006. You are requested to ratify the Audit Committee's appointment of PricewaterhouseCoopers as independent auditors for our fiscal year 2006. 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 their 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 2006. A majority of the votes cast at the annual meeting is required for ratification.

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

The following is a description of fees billed to us by PricewaterhouseCoopers during 2005 and 2004.

|   | <u>2005</u>   | <u>2004</u>    |
|---|---------------|----------------|
| Audit Fees <sup>(2)</sup> .....         | \$45,971,130  | \$63,848,550   |
| Audit-Related Fees <sup>(3)</sup> ..... | 3,243,470     | 9,540,394      |
| Tax Fees <sup>(4)</sup> .....           | 17,955        | 23,940         |
| All Other Fees <sup>(5)</sup> .....     | <u>46,680</u> | <u>498,184</u> |
| Total .....                             | \$49,279,235  | \$73,911,068   |

(1) These fees represent amounts billed within the designated year and include reimbursable expenses of \$5,777,805 and \$4,106,392 for 2005 and 2004, respectively.

(2) Audit fees include fees billed by PricewaterhouseCoopers in connection with the audits of our annual consolidated financial statements. The audit fees during 2005 include fees and expenses related to the 2002 (\$404,298), 2003 (\$1,328,582), 2004 (\$19,978,250) and 2005 (\$24,260,000) audits. In addition to the amounts shown above, approximately \$26.4 million of fees and reimbursable expenses were billed in 2006 for the 2005 audit. The audit fees during 2004 include fees and expenses related to the 2002 (\$4,214,550), 2003 (\$44,634,000) and 2004 (\$15,000,000) audits. Audit fees of \$29,400 and \$18,250 in 2005 and 2004, respectively, related to the Freddie Mac Foundation are excluded because these fees are incurred and paid separately by the Freddie Mac Foundation.

(3) 2005 audit-related fees principally include fees and expenses related to internal control design reviews (\$1,470,970), agreed upon procedures associated with Freddie Mac-sponsored securitization transactions (\$1,700,500) and agreed upon procedures reports associated with structured finance transaction testing (\$72,000). 2004 audit-related fees principally include fees and expenses 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).

(4) Tax fees include fees for providing periodic updates on tax matters.

(5) All other fees in 2005 primarily relate to subscription renewals for Comperio, an online library of financial reporting and assurance literature. 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).

*Proposal 2: Ratification of Appointment of Independent Auditors*

## **Approval of Independent Auditor Services and Fees**

The Sarbanes-Oxley Act and related rules adopted by the SEC require that all services provided to companies subject to the reporting requirements of the Exchange Act by their independent auditors be pre-approved by their audit committee or by authorized members of the 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 2005.

**We recommend that you vote *for* the ratification of the selection of PricewaterhouseCoopers as our independent auditors for 2006.**

### PROPOSAL 3: STOCKHOLDER PROPOSAL

National Legal and Policy Center, 107 Park Washington Ct., Falls Church, Virginia 22046, the beneficial owner of 45 shares of common stock of Freddie Mac, submitted the following proposal:

#### **Charitable Contributions Report**

Whereas:

Freddie Mac's assets belong to its shareholders. The expenditure or distribution of corporate assets, including charitable contributions, should be made so as to advance shareholder interests. Company charitable contributions should have a stated business rationale.

Whereas:

Company executives exercise wide discretion over the use of corporate assets for charitable purposes.

Absent a system of accountability for charitable contributions, Company executives may use Company's assets for objectives that are not shared by and may be inimical to the interests of the Company and its shareholders, potentially harming long-term shareholder value. [See National Legal and Policy Center, <http://www.nlpc.org/cip.asp> and Free Enterprise Action Fund, <http://www.FreeEnterpriseActionFund.com>.]

Principles of transparency and accountability should apply to Company charitable contributions. Such disclosure is consistent with public policy in regard to disclosure by publicly-owned companies.

Whereas:

According to the Freddie Mac website, "Through our extensive philanthropy program – anchored by the Freddie Mac Foundation – we support many charitable organizations and civic groups that strengthen families and communities. To date, we've invested more than \$250 million to make a difference in people's lives."

Whereas:

Shareholders are entitled to know how their company is spending its funds for charitable purposes.

Resolved: The Shareholders request that the Company provide a report updated semi-annually, omitting proprietary information and at reasonable cost, disclosing the Company's:

1. Policies and procedures for charitable contributions (both direct and indirect) made with corporate assets;
2. Monetary and non-monetary contributions made to non-profit organizations operating under Section 501(c)(3) and 501(c)(4) of the Internal Revenue Code, and any other public or private charitable organizations;
3. Business rationale for each of the charitable contributions;

---

*Other Matters*

4. Personnel who participated in making the decisions to contribute; and
5. Relationships with charitable group recipients through the personal involvement of Freddie Mac officers, directors and top executives. Involvement shall mean personal donation of \$1,000 or more annually; membership on the governing board or any advisory board; and/or the employment of a family member.

To the extent reasonable and permissible, the report may include the type of information requested above for charities controlled or managed by the Company, including The Freddie Mac Foundation.

This report may be posted on the company's website to reduce costs to shareholders.

Supporting Statement:

Current disclosure is insufficient to allow the Company's Board and its shareholders to fully evaluate the charitable use of corporate assets.

Freddie Mac's charitable giving, and that of its executives, has become controversial and invited the scrutiny of Congressional oversight committees. See *Chronicle of Philanthropy*, "Senate Committee Reviews Fannie Mae, Freddie Mac," February 23, 2006.

Furthermore, there is currently no single source providing shareholders the information sought by this resolution.

Details of contributions only sometimes become known when publicized by recipients. A substantial Company contribution to the Rainbow/PUSH coalition was disclosed in a Rainbow/PUSH conference program in early 2006.

### **Company Statement in Opposition to Stockholder Proposal Regarding Charitable Contributions**

We have an active program of corporate philanthropy, undertaken through the Freddie Mac Foundation, a 501(c)(3) tax-exempt non-profit organization, and through corporate contributions. Our charitable contributions support our mission to provide liquidity, stability and affordability to the American housing market, and the work of the Freddie Mac Foundation on behalf of children and families uplifts and enriches communities across the nation. Our corporate donations and partnerships further support housing and civic programs that strengthen the communities where we live and work. Freddie Mac provides substantial disclosure about its corporate giving programs undertaken through the Freddie Mac Foundation. Detailed information about grants made by the Foundation is included on the Foundation's website at [www.freddiemacfoundation.org/grants](http://www.freddiemacfoundation.org/grants). We also issue public announcements concerning other significant giving activities.

Both our Community Relations Division, which supports our corporate giving, and the Foundation have processes in place for the review, analysis and approval of charitable contributions. We also have in place a governance process for monitoring our contributions to charitable organizations that are affiliated with any of our directors. This process is carried out in accordance with the New York Stock Exchange disclosure requirement relating to such contributions and our Corporate Governance Guidelines, which are available on our website at [www.freddiemac.com/governance/pdf/gov\\_guidelines.pdf](http://www.freddiemac.com/governance/pdf/gov_guidelines.pdf) and included as Appendix A to this proxy statement. The Guidelines require that a substantial majority of our Board of Directors be independent and provide criteria for our Board to assess each director's independence annually, including one that incorporates the New York Stock Exchange disclosure threshold for such contributions.

---

*Other Matters*

We also have programs that actively encourage contributions of time and money by our employees to good causes that benefit the community, including a program that matches the amount of employee charitable contributions to 501(c)(3) tax-exempt non-profit organizations up to \$10,000 per year per employee. This matching program is available to all members of our Board of Directors.

In light of the information already publicly available about our and the Foundation's charitable giving, including the annual report published by the Foundation, the adoption of the proposal is unnecessary and would result in increased costs without providing any substantial additional benefit to our shareholders.

**We recommend that you vote *against* the proposal regarding charitable contributions.**

## **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 2005 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](http://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](mailto: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](http://www.freddiemac.com) within the same time frames observed by reporting persons of SEC registrants. Freddie Mac believes that during the 2005 fiscal year, its directors and executive officers complied with such reporting obligations.

## **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 have finalized 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 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.

*Other Matters*

---

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 to be introduced from the floor of the 2007 annual meeting. 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 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,



Robert E. Bostrom

*Executive Vice President, General Counsel and Corporate Secretary*

July 12, 2006

---

*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 (the “NYSE”) and Freddie Mac’s statutory Charter and Bylaws. The Board may amend these Guidelines from time to time.

The Governance, Nominating and Risk Oversight 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, Nominating and Risk Oversight 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](http://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 is to have 18 members (“Directors”), with 13 elected by Freddie Mac’s stockholders and five to be 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, Nominating and Risk Oversight 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](http://www.freddiemac.com)), that specifies its authority and responsibilities.

**2. BOARD AND COMMITTEE MEETINGS:** The Board will meet at least eight times each year, and at least once each calendar quarter. The Audit Committee and the Governance, Nominating and Risk Oversight Committee also will meet at least eight times each year and all other standing Committees will hold at least six meetings each year. The schedule of Board and standing Committee meetings is determined annually. 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 and any annual stockholders meeting at which they are standing for election or re-election or beginning a term as an appointed Director. 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, Nominating and Risk Oversight 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 and each Director appointed by the President. If a Director joins the Board at a time other than an annual stockholders’ meeting, the Board will make a determination regarding the Director’s independence at that time. 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](http://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 independence criteria set forth in these Guidelines shall be interpreted in a manner that is consistent with the rules of the NYSE and any other applicable regulatory provisions and related guidance, except where the criteria in the Guidelines are intended to be stricter than the corresponding criteria set forth in those rules or regulatory provisions.

The Board will solicit, and each Director will disclose, 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 NYSE rules, 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 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. Candidates should have no actual or apparent conflicts of interest or other circumstances that make it inappropriate for them to serve on the Board.

**Membership on Other Boards of Directors.** 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, which vary with the nature of a Director’s employment. (The recommended limits and ceilings on the number of board memberships are in addition to a Director’s memberships on Freddie Mac’s Board and, for a CEO or other fully employed Director, the board of directors of the Director’s employer.):

| <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.

**Termination of Freddie Mac Employment.** 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.

**Candidates for Nomination.** 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, Nominating and Risk Oversight 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.

**Term Limit.** An Outside Director elected by the stockholders shall not be nominated for election or re-election to the Board if the Director will have served on the Board for ten or more years at the time of such election, unless the Board determines, on the recommendation of the Governance, Nominating and Risk Oversight 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.

Pursuant to a determination made by the Board in order to ensure an orderly transition when the term limit was first adopted and approved by OFHEO, two current Directors have served on the Board for more than ten years. One of those Directors was not nominated for re-election at the annual stockholders' meeting in 2006 and the other will not be nominated for re-election at the meeting in 2007.

**Age Limit.** A Director elected by the stockholders shall not be nominated or renominated for election to the Board if the Director will have reached age 72 at the time of such election, unless the Board determines, on the recommendation of the Governance, Nominating and Risk Oversight 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.

**Change in Director Status.** A change in a Director's status (such as a change in principal occupation) triggers a review by the Governance, Nominating and Risk Oversight Committee concerning the Director's continued membership on the Board. A Director shall inform the Board promptly of any such change in status or of any other change in circumstances that might cause the Board to conclude that the Director is no longer qualified to serve on the Board or that such service no longer is appropriate.

**7. SELECTION OF CHAIRPERSON AND LEAD DIRECTOR:** 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 regularly scheduled executive sessions at meetings of the Board, and at such 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](http://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, Nominating and Risk Oversight 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 nomination process.

**11. EXECUTIVE OFFICER 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 other executive officers, other than the General Auditor.

In determining the compensation of the CEO and the other executive officers, the Compensation and Human Resources Committee considers Freddie Mac's performance, the officers' 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 oversees the development and maintenance of succession plans for Freddie Mac's senior executives. These plans include possible scenarios for how to address succession, including in most cases the identification of one or more employees who could immediately fill each executive position. 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; and
- Should be weighted toward stock-based compensation to enhance alignment with stockholder interests, with restricted stock or other stock-based compensation constituting approximately 50% of Director compensation.

Within five years after joining the Board, Directors are expected to hold an investment in Freddie Mac stock of at least three times the annual Board retainer (currently \$60,000 per year), 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. The Chief Compliance Officer and

the Audit Committee oversee compliance with the Codes of Conduct. 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 results of which are reported to the Audit Committee. 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](http://www.freddiemac.com)) and will be provided in print to any stockholder on request.

*June 1, 2006*

**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 1, 2006]**

**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.

Committee meetings generally shall include regular sessions with management and executive sessions with the internal auditors, the independent public accountants and the Chief Compliance Officer. At least annually, the Committee shall meet in executive session with the Chief Financial Officer. 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, to evaluate the performance and determine the compensation of, and decide whether to retain, the Senior Vice President — General Auditor;
  - (c) to approve 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, terminate and 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 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 or the independent public accountants;
  - (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 resolution of such complaints;
  - (c) taking action, as the Committee deems appropriate, to investigate and respond to any report 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 Executive 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. With respect to risk assessment and risk management, at least annually:
- (a) 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 guidelines and policies governing the processes for assessing and managing Freddie Mac’s risks; and
  - (b) to meet in joint session with the Finance & Capital Deployment Committee to review Freddie Mac’s major financial risk exposures (including but not limited to market, credit and operational risks) and the steps management has taken to monitor and control such 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, Nominating and Risk Oversight 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.