

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

As provided in its charter, the Audit Committee (rather than the full Board) selects our independent auditors, reviews the scope of the annual audit and pre-approves all audit and non-audit services permitted under applicable law to be performed by the independent auditors. The Audit Committee has evaluated the performance of PricewaterhouseCoopers and has selected them as our independent auditors for fiscal 2007. You are requested to ratify the Audit Committee's appointment of PricewaterhouseCoopers. 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 fiscal 2007. 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 2005 and 2006.

	<u>2006</u>	<u>2005</u>
Audit Fees ⁽²⁾	\$45,075,574	\$45,971,130
Audit-Related Fees ⁽³⁾	8,898,000	3,243,470
Tax Fees ⁽⁴⁾	—	17,955
All Other Fees ⁽⁵⁾	—	46,680
Total	<u>\$53,973,574</u>	<u>\$49,279,235</u>

- (1) These fees represent amounts billed within the designated year and include reimbursable expenses of \$3,442,574 and \$5,777,805 for 2006 and 2005 respectively.
- (2) Audit fees include fees billed by PricewaterhouseCoopers in connection with the audits of our annual consolidated financial statements. The audit fees during 2006 include fees and expenses related to the 2005 (\$26,428,000) and 2006 (\$18,547,574) audits and preferred stock comfort letters (\$100,000). In addition to the amounts shown above, approximately \$15.4 million of fees and reimbursable expenses were billed in 2007 for the 2006 audit. 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. Audit fees of \$37,400 and \$29,400 in 2006 and 2005, respectively, related to the Freddie Mac Foundation are excluded because these fees are incurred and paid separately by the Freddie Mac Foundation.
- (3) 2006 audit-related fees principally include fees and expenses related to internal control design reviews (\$6,377,000), agreed upon procedures associated with Freddie Mac-sponsored securitization transactions (\$2,353,000), agreed upon procedures with respect to Freddie Mac's option-adjusted spread fair value disclosure (\$150,000) and Comperio subscription services (\$18,000). 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).
- (4) Tax fees in 2005 include fees for providing periodic updates on tax matters and certain advisory services. These payments were eliminated in 2006.
- (5) All other fees were zero for 2006 as Comperio, an online library for financial reporting and assurance literature, was included in audit-related services, reflecting the primary purpose and use of the subscription. All other fees in 2005 include the subscription renewal for Comperio and certain other PricewaterhouseCoopers publications and surveys.

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 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, 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 such approval 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 audit-related services performed in 2006. At the direction of the Audit Committee, PricewaterhouseCoopers did not provide any non-audit services to us in 2006.

We recommend that you vote *for* the ratification of the selection of PricewaterhouseCoopers as our independent auditors for 2007.

PROPOSAL 3: APPROVAL OF AMENDMENT AND RESTATEMENT OF THE 1995 DIRECTORS' STOCK COMPENSATION PLAN

General

You are being asked to approve the amendment and restatement of the Federal Home Loan Mortgage Corporation 1995 Directors' Stock Compensation Plan at the annual meeting. Our Board approved this amendment and restatement of the Directors' Plan on March 3, 2007, subject to approval of our stockholders.

In 1995, stockholders initially approved the Directors' Plan, reserving 2.4 million shares for equity awards for non-employee directors. Stockholders approved an amendment and restatement of the Directors' Plan in 1998, which did not increase the number of shares reserved. By its terms, the Directors' Plan will expire at the time of our annual meeting of stockholders in 2008. The proposed amendment and restatement of the Directors' Plan would extend its effectiveness until 2017. Stockholders are not being asked to approve any increase in the number of shares reserved and available under the Directors' Plan.

The Board believes that the Directors' Plan has been and will continue to be a valuable means by which we can attract and retain highly qualified persons to serve as non-employee directors. Recent corporate governance reforms in the United States have underscored the fact that having qualified and diligent independent directors is essential for the long-term success of a company. Our on-going governance reforms have imposed increased responsibilities on our non-employee directors, including greater demands on members serving on Board committees. The Directors' Plan has been designed in a flexible manner, to give the Board and the CHRC an opportunity to determine the appropriate type, amounts and terms of equity awards, in order to provide reasonable compensation for service by our non-employee directors, and to align the interests of our non-employee directors with the interests of our stockholders.

Key features of and other significant historical information regarding the Directors' Plan include:

- There has not been any increase in the number of shares authorized for awards under the Directors' Plan since its adoption;
- No more than 40% of the Directors' Plan shares are available for full-value awards, such as restricted stock and RSUs;
- No stock options will be granted with an exercise price less than 100% of the fair market value of Freddie Mac's common stock on the date of grant;
- Fair market value is based upon the closing sale price per share of Freddie Mac's common stock on the NYSE;
- Without stockholder approval, stock options may not be repriced, which includes canceling and replacing an option with a new option having a lower exercise price;
- Shares tendered or withheld to pay the exercise price of an option will not be available again for grant, and shares will not be withheld to cover taxes;
- Dilution, or the sum of shares underlying outstanding awards plus those remaining available for new grants under all of our equity compensation plans, expressed as a percentage of our

Proposal 3: 1995 Directors' Stock Compensation Plan

outstanding shares at December 31, 2006 was 3.04% (dilution excludes shares issuable under our Employee Stock Purchase Plan and vested shares that have been electively deferred by employees and directors); and

- The number of shares underlying awards granted in a given year under our equity compensation plans divided by the number of our outstanding shares at year-end has averaged 0.30% for each of the last three years.

Reasons for Stockholder Approval

We seek stockholder approval of the amendment and restatement of the Directors' Plan in order to satisfy requirements of the NYSE, and to meet the requirements of the current terms of the Directors' Plan. Historically, we have granted equity awards only under plans approved by our stockholders.

Accounting Treatment of the Directors' Plan

In accounting for stock-based compensation, we apply SFAS 123(R), which provides a method by which the fair value of awards granted under the Directors' Plan, including stock options, can be calculated and reflected as an expense in our financial statements.

Restriction on Repricing

Without stockholder approval, we will not amend or replace previously granted options in a transaction that constitutes a "repricing." For this purpose, "repricing" means lowering the exercise price of an option after it is granted; canceling an option at a time when its exercise price or grant price exceeds the fair market value of the underlying stock, in exchange for another option, restricted stock or other award, other equity, cash or other property; any other action that is treated as a repricing under generally accepted accounting principles; or any other action that has the same effect. An adjustment to an option resulting from a stock split, spinoff or other extraordinary corporate transaction does not constitute a repricing.

Description of the Directors' Plan

The following is a brief description of the material terms and features of the Directors' Plan. This description is qualified in its entirety by reference to the full text of the Directors' Plan, a copy of which is attached to this Proxy Statement as Appendix A.

Shares Available Under the Directors' Plan. As stated above, adoption of this proposal would not change the number of shares available for awards under the Directors' Plan. Rather, it would extend the term of the Directors' Plan for nine additional years.

At December 31, 2006, 1,504,225 shares remained available under the Directors' Plan. There are 282,526 shares that will be issued upon exercise of outstanding options and settlement of outstanding RSUs and deferred stock. The Directors' Plan limits the number of shares that may be delivered in connection with awards of restricted stock and RSUs to a maximum of 40% of the shares reserved under the Directors' Plan. At December 31, 2006, 799,111 shares remained available under the Directors' Plan for restricted stock and RSU awards. As discussed below, the number of shares of common stock reserved and available under the Directors' Plan is subject to adjustment in the event of stock splits, stock dividends, and other extraordinary events.

Proposal 3: 1995 Directors' Stock Compensation Plan

Shares count against the Directors' Plan limits when delivered to participants in connection with an award and thereafter when all restrictions have lapsed. Thus, shares remain available for new awards if an award expires or is forfeited or otherwise terminated without delivery of shares to the participant. Upon exercise of an option, the gross number of shares subject to the portion of the option exercised will be deemed to have been delivered and therefore will count against the shares reserved under the Directors' Plan. The Directors' Plan does not permit the withholding of shares to cover the participant's taxes, so there is no "recapture" of shares relating to such tax withholding. Shares delivered under the Directors' Plan may be either authorized but previously unissued shares, treasury shares, or shares acquired in market transactions on behalf of the participants.

Information on the total number of shares available under our existing equity compensation plans and unissued shares deliverable under outstanding awards as of the end of the last fiscal year is presented below under the caption "Securities Authorized for Issuance Under Equity Compensation Plans." The information covers plans for employees as well as those for non-employee directors. Based on our equity award plans in effect and outstanding awards at December 31, 2006, the total number of shares subject to outstanding awards and available for future awards under the Directors' Plan and other current equity compensation plans, but excluding the Employee Stock Purchase Plan, or ESPP, is as follows:

Shares subject to outstanding awards	8,256,500
Shares available for future equity awards (<i>Note: this proposal does not add shares to any plan</i>)	<u>12,423,163</u>
Total shares	<u>20,679,663</u>
Percentage of outstanding shares*	3.13%*

* Outstanding shares (the denominator in this calculation) includes all common stock outstanding at December 31, 2006 and does not include issuance of unissued shares reserved for outstanding or future awards under the current equity compensation plans.

On April 18, 2007, the last reported sale price of our common stock in consolidated trading of NYSE-listed securities was \$64.36 per share.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about our common stock that may be issued upon the exercise of options, warrants and rights under our existing equity compensation plans at December 31, 2006. Our stockholders have approved the ESPP, the 2004 Employee Plan, the 1995 Employee Plan and the Directors' Plan.

<u>Plan Category</u>	<u>(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>(b) Weighted average exercise price of outstanding options, warrants and rights</u>	<u>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
Equity compensation plans approved by stockholders	8,309,398 ⁽¹⁾	\$41.52 ⁽²⁾	18,797,747 ⁽³⁾
Equity compensation plans not approved by stockholders . . .	None	N/A	None

(1) Includes 2,404,575 restricted stock units issued under the Directors' Plan, the 2004 Employee Plan and 1995 Employee Plan and options to purchase up to 52,898 shares under the ESPP, which are issuable in connection with the offering period ended on January 31, 2007.

(2) For the purpose of calculating this amount, RSUs are assigned an exercise price of zero.

(3) Consists of 10,918,938 shares, 6,374,584 shares and 1,504,225 shares available for issuance under the 2004 Employee Plan, the ESPP and the Directors' Plan, respectively.

Eligibility. Awards may be granted under the Directors' Plan only to our non-employee directors. If the nominees for election as director named in this proxy statement are reelected, 11 directors would qualify as non-employee directors eligible to participate in the Directors' Plan.

Administration. Under the Directors' Plan, the Board and the CHRC each have administrative authority. The Board establishes policies as to the type of awards — options, restricted stock, or RSUs — to be granted to non-employee directors, the amount and timing of such awards, and other award terms not specifically set out in the Directors' Plan. The CHRC is authorized to perform all other administrative functions under the Directors' Plan, including specifying award terms not specified in the Directors' Plan or by the Board, adopting award agreements and Directors' Plan regulations, interpreting the provisions of the Directors' Plan, and making recommendations regarding award policies to the Board. The Board may itself perform any function of the CHRC in connection with the administration of the Directors' Plan. Nothing in the Directors' Plan precludes the Board or the CHRC from authorizing payment of other compensation to directors outside of the Directors' Plan. The Directors' Plan provides that directors and others acting on behalf of the Board or the CHRC shall not be personally liable, and shall be fully indemnified, in connection with any action, determination, or interpretation taken or made in good faith under the Directors' Plan.

Stock Options. The Directors' Plan authorizes the grant of stock options to non-employee directors. As stated above, the Board and the CHRC will determine the amount and timing of option grants, the times at which options will become exercisable and the terms under which options will be forfeited upon termination of a director's service. Options will be non-qualified stock options, will have an exercise price equal to 100% of the fair market value of the underlying common stock at the date of grant and a maximum term of ten years, and will not include rights to dividend equivalents. A director may pay the exercise price of an option in cash, by surrendering previously acquired shares of common stock or by directing us to withhold shares from the option shares deliverable upon exercise to cover the exercise price. Our current policy regarding compensation of non-employee directors, discussed above under the caption "Board Compensation," does not provide for grants of stock options.

Restricted Stock and RSUs. The Directors' Plan authorizes the Board to grant restricted stock and RSUs to non-employee directors. As stated above, the Board and the CHRC will determine the amount and timing of grants of restricted stock or RSUs, as well as the times at which such awards will vest, the terms under which such awards will be forfeited upon termination of a director's service, and, in the case of RSUs, the times at which such awards may be settled.

Proposal 3: 1995 Directors' Stock Compensation Plan

Restricted stock is an award of shares, issued in the name of the director, which are subject to a risk of forfeiture and nontransferable for a specified vesting period. Although such shares are issued shortly after grant, we deliver them to the director only upon vesting. RSUs represent a contractual right to receive one share of common stock at a specified future date for each RSU, if the vesting conditions are met. An RSU is subject to a risk of forfeiture and nontransferable for a specified period, but delivery of a share in settlement of the RSU may be deferred to a date after the lapse of the risk of forfeiture and restriction on transferability. Dividends are payable on outstanding restricted stock, and dividend equivalents are credited on outstanding RSUs in the form of additional RSUs. Cash dividends on restricted stock are nonforfeitable, and non-cash dividends are forfeitable to the same extent as the underlying restricted stock. The Board specifies the forfeiture terms, if any, with respect to dividend equivalents on RSUs. Directors have voting rights with respect to outstanding restricted stock, but not with respect to RSUs. Our current policy provides for annual grants of RSUs, as discussed above under “Board Compensation.”

Election to Receive Fees in the Form of Stock or Deferred Stock. The Directors’ Plan also permits a non-employee director to elect to receive fees otherwise payable in cash in the form of common stock or deferred stock. The director may make such election for up to 100% of the fees otherwise payable to him or her, including annual retainer fees, fees for service on a Board committee, and fees for service as chairman of a Board committee. See “Board Compensation.” If a director elects to receive fees in the form of common stock, we will issue to the director, or to an account established on behalf of the director, a number of shares having an aggregate fair market value equal to the fees that otherwise would have been payable at that date. Similarly, if a director elects to receive fees in the form of deferred stock, we will credit the director’s deferral account with deferred stock (valued the same way as issuance of actual shares would have been), each share of which represents a contractual right to receive one share of common stock at a specified future date. The Board or the CHRC may determine the terms applicable to deferred stock and the deferral accounts, including the terms of dividend equivalents to be credited on deferred stock (which may include mandatory or elective reinvestment in additional deferred stock). Common stock and deferred stock acquired under this elective feature are at all times non-forfeitable.

Other Terms of Awards. Awards granted under the Directors’ Plan generally may not be pledged or otherwise encumbered and are not transferable except by will or by the laws of descent and distribution, or to a designated beneficiary upon the participant’s death, except that the CHRC may permit transfers for estate-planning purposes, other than transfers for value. The CHRC may require or permit participants to defer the settlement of all or part of an award in accordance with such terms and conditions as the CHRC may establish, including payment or crediting of interest or dividend equivalents on any deferred amounts, but subject to compliance with requirements of Internal Revenue Code Section 409A. Awards under the Directors’ Plan generally will be granted without a requirement that the participant pay consideration in the form of cash or property for the grant (as distinguished from the exercise of the award).

Adjustments Upon Certain Events. We will generally adjust the number and kind of shares issued or reserved for issuance under the Directors’ Plan or under outstanding awards in the event a share dividend or split, reorganization, recapitalization, merger, spin-off, extraordinary dividend or other similar corporate transaction or event affects the common stock.

Amendment and Termination of the Directors’ Plan. The CHRC may suspend, discontinue, or terminate, and, in limited circumstances, amend or alter, the Directors’ Plan without stockholder

approval. Generally, amendments to the Directors' Plan require stockholder approval under NYSE rules, our bylaws and other applicable laws or regulations. Even when not required by our bylaws or applicable laws or regulations, the CHRC may, in its discretion, submit other amendments to stockholders for approval. Board approval is required for any amendment that requires stockholder approval or exceeds the authority of the CHRC under its charter and other corporate governance documents. Stockholder approval is not, however, required for all possible amendments that might increase the cost of the Directors' Plan. Outstanding awards may be amended, but the CHRC cannot modify or waive award terms that would be mandatory if it were then granting a new award. In addition, for awards that are intended to be settled in common stock according to their written terms, cash settlement should be rare and only in response to circumstances that are unique, outside of the participant's control, and perceived to result in a hardship to the participant. Unless otherwise determined by the CHRC, such cash settlements must receive prior approval by our Chief Financial Officer.

If the amendment and restatement of the Directors' Plan is approved by stockholders, awards may be granted under the Directors' Plan until the time of our Annual Meeting of Stockholders in 2017, but not thereafter. Unless earlier terminated by the Board, the Directors' Plan will terminate thereafter at such time that we have no further rights or obligations with respect to any outstanding award.

Federal Income Tax Consequences

We believe that under current law the following federal income tax consequences generally would arise with respect to awards under the Directors' Plan.

The grant of an option will create no federal income tax consequences for the participant or Freddie Mac. Upon exercising an option, the participant generally must recognize ordinary income equal to the difference between the exercise price and the fair market value of the freely transferable or non-forfeitable shares acquired on the date of exercise. A disposition of the option shares generally will result in short-term or long-term capital gain or loss measured by the difference between the sale price and the participant's tax "basis" in such shares. The tax "basis" normally is the exercise price plus any amount he or she recognized as ordinary income upon the exercise of the option.

Awards other than options that result in a transfer to the participant of shares generally will be structured under the Directors' Plan to meet applicable requirements under Internal Revenue Code Section 409A, which regulates deferred compensation. If no restriction on transferability or substantial risk of forfeiture applies to shares distributed to a participant, the participant generally must recognize ordinary income equal to the fair market value of the shares actually received. Thus, for example, if an award of RSUs has vested but the receipt of shares has been validly deferred, the participant should not become subject to income tax until the time at which shares are actually distributed.

On the other hand, if a restriction on transferability and substantial risk of forfeiture applies to shares actually distributed to a participant under an award (such as, for example, a grant of restricted stock), the participant generally must recognize ordinary income equal to the fair market value of the transferred amounts at the earliest time either the transferability restriction or the risk of forfeiture lapses. A participant may elect to be taxed at the time of grant of restricted stock or other property rather than upon lapse of restrictions on transferability or the risk of forfeiture, but if

the participant subsequently forfeits such shares or property he or she would not be entitled to any tax deduction, including as a capital loss, for the value of the shares or property on which he or she previously paid tax.

We normally can claim a tax deduction equal to the amount recognized as ordinary income by a participant in connection with an award, but no tax deduction relating to a participant's capital gains.

Any award that is deemed to be a deferral arrangement (excluding certain exempted short-term deferrals) will be subject to Internal Revenue Code Section 409A. Participant elections to defer compensation under such awards and as to the timing of distributions relating to such awards must meet the requirements under Section 409A in order for income taxation to be deferred upon vesting of the award and tax penalties avoided by the participant.

The foregoing provides only a general description of the application of federal income tax laws to certain awards under the Directors' Plan. This discussion is intended for the information of stockholders considering how to vote at the annual meeting and not as tax guidance to participants, as the tax consequences may vary with the types of awards made, the identity of the recipient and other circumstances. Different tax rules may apply, including in the case of variations in transactions that are permitted under the Directors' Plan (such as payment of the exercise price of an option by surrender of previously acquired shares). The summary does not address the effects of other federal taxes (such as Social Security and Medicare taxes) or taxes imposed under state, local or foreign tax laws.

New Plan Benefits Under the Directors' Plan

Because future awards under the Directors' Plan will be granted in accordance with policies that will be set from time to time by the Board, the type, number, recipients, and other terms of such awards cannot be determined at this time. We describe our current compensation policy for Directors above under the caption "Board Compensation." Under this policy, we expect that, at the 2007 Annual Meeting, 11 non-employee directors will each be granted RSUs having an aggregate grant-date fair market value of \$120,000. These grants will not be affected by the outcome of the stockholder vote on this proposal to amend and restate the Directors' Plan. If stockholders decline to approve this proposal, no further awards could be granted under the Directors' Plan after our Annual Meeting of Stockholders in 2008.

Vote Required for Approval

Approval of the amendment and restatement of the Directors' Plan will require the affirmative vote of a majority of the votes cast on the proposal at the annual meeting.

The Board considers the amendment and restatement of the Directors' Plan to be in the best interests of Freddie Mac and its stockholders and therefore recommends that stockholders vote to approve the amended and restated Directors' Plan at the annual meeting.

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 on those matters in accordance with their best judgment.

AVAILABILITY OF ANNUAL REPORT

Our Annual Report, which contains audited consolidated financial statements for 2006 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 486
8200 Jones Branch 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 we complete voluntary registration with the SEC, our directors and executive officers are not subject to these requirements. However, our 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 required for Section 16(a) reports. Based solely on a review of such reports, we believe that during 2006, our 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 and the press release, 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 2008 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, including a written consent from the nominee to being named in the proxy statement and to serve if elected. 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 declare the nomination defective and it 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 brokers and nominees who hold shares in their names for their reasonable out-of-pocket expenses to furnish proxy materials to the beneficial owners of such shares.

By Order of the Board of Directors,



Robert E. Bostrom

Executive Vice President, General Counsel and Corporate Secretary

May 7, 2007

Other Matters

**FEDERAL HOME LOAN MORTGAGE CORPORATION
1995 DIRECTORS' STOCK COMPENSATION PLAN**

**Effective May 2, 1995
As Amended and Restated June 8, 2007**

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**FEDERAL HOME LOAN MORTGAGE CORPORATION
1995 DIRECTORS' STOCK COMPENSATION PLAN
As Amended and Restated June 8, 2007**

**ARTICLE I
Establishment of the Plan**

1.1 *Purposes.* The purposes of this 1995 Directors' Stock Compensation Plan (the "Plan") of the Federal Home Loan Mortgage Corporation (the "Corporation") are to advance the interests of the Corporation and its stockholders by providing a means to attract and retain highly-qualified persons who are not employees of the Corporation to serve as Directors, to provide reasonable compensation for service to the Corporation by such Directors, and to promote ownership by such Directors of a greater proprietary interest in the Corporation, thereby aligning such Directors' interests more closely with the interests of stockholders of the Corporation.

1.2 *Effective Date of Original Plan and Amendment and Restatement of Plan.* This Plan became effective May 2, 1995. This amendment and restatement of the Plan shall become effective when approved by the Corporation's stockholders as set forth in Section 10.8.

1.3 *Plan Name.* The name of the Plan is the Federal Home Loan Mortgage Corporation 1995 Directors' Stock Compensation Plan.

**ARTICLE II
Definitions**

2.1 *Award.* Any Option, Restricted Stock, Restricted Stock Unit, or right to receive shares of Common Stock or Deferred Stock pursuant to a Stock Election, or any combination thereof, granted under the Plan.

2.2 *Award Document.* Any written or electronic agreement, contract, notice, or other instrument or document evidencing an Award. The use of an "electronic record" and an "electronic signature" in connection with any Award Document shall be governed by the federal Electronic Signatures in Global and National Commerce Act of 2000 (E-SIGN) or the Uniform Electronic Transactions Act (UETA) as enacted by the Commonwealth of Virginia, as applicable. The terms "electronic records" and "electronic signature" shall have the meanings ascribed to such terms in E-SIGN or the Virginia UETA, as applicable.

2.3 *Beneficiary.* The person(s) or trust(s) which have been designated by a Participant in his or her most recent beneficiary designation filed with the Committee to receive the benefits in connection with an Award upon such Participant's death, or to whom or to which an Award or rights relating thereto are transferred if and to the extent permitted under Section 6.2. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person(s) or trust(s) entitled by will or laws of descent and distribution to receive such benefits.

2.4 *Board.* The Board of Directors of the Corporation.

2.5 *Code.* The Internal Revenue Code of 1986, as amended from time to time.

2.6 *Committee.* The Compensation and Human Resources Committee of the Board, or such other Board committee as may be designated by the Board to administer the Plan. No member of the Committee who is a Participant shall participate in any determination relating solely or primarily to his or her own Award. In addition, in any case in which the Board exercises any

authority granted to the Committee under the Plan, each reference to “Committee” shall be deemed to mean the Board, unless the context otherwise requires.

2.7 *Common Stock.* The Common Stock, \$0.21 par value, of the Corporation or such other common stock as may be substituted or resubstituted for Common Stock pursuant to an adjustment under Section 4.3.

2.8 *Compensation.* The retainer and meeting fees and any other fees paid to a Director for services as such, including for service as a member of a committee of the Board.

2.9 *Corporation.* The Federal Home Loan Mortgage Corporation.

2.10 *Deferred Stock.* An Award, in lieu of other Compensation pursuant to a Stock Election under Article IX or as a result of Dividend Equivalents, which Award represents a generally nontransferable right to receive one share of Common Stock at a specified future date for each share of Deferred Stock awarded, together with a right to Dividend Equivalents and other rights, and subject to the terms and conditions set forth in Article IX.

2.11 *Disability.* A Participant’s termination of service as a Director of the Corporation due to injury or sickness which the Participant’s personal physician has certified to the Committee prevents the Participant from performing the material duties of a Director.

2.12 *Director.* A duly elected or appointed member of the Board who is not an employee of the Corporation or any subsidiary.

2.13 *Dividend Equivalents.* With respect to each Restricted Stock Unit and each share of Deferred Stock, a right either to receive payments equal to the dividends or distributions declared or paid on a share of Common Stock at the same time as those dividends or distributions are paid to holders of Common Stock, or to receive such amounts, at the time the Restricted Stock Unit or Deferred Stock is or would be otherwise settled, or to have such amounts credited to the Participant, at the time the dividends or distributions are paid to holders of Common Stock, in the form of additional Restricted Stock Units or Deferred Stock having a Fair Market Value, at the date such dividends or distributions are paid on Common Stock, equal to the amount of the dividends or distributions declared and paid on a share of Common Stock, subject to Section 9.4. Rights to Dividend Equivalents shall be non-forfeitable in all cases. The Committee shall determine the manner of payment or crediting of Dividend Equivalents at or before the grant date for any Award of Restricted Stock Units or Deferred Stock. No Dividend Equivalents will be credited or payable with respect to any Award other than Restricted Stock Units or Deferred Stock.

2.14 *Early Retirement.* A Director’s termination of membership on the Board (other than due to Disability, Retirement or death) and (a), for a Director appointed by the President of United States (“President”), upon (i) notification by the President (or designee) that the Director will not be reappointed or (ii) failure of the President to reappoint the Director, or notify the Corporation of his intention to reappoint the Director, within 120 days after the end of that Director’s term of office; (b), for all other Directors, after completing ten consecutive terms in office as a Director.

2.15 *Fair Market Value.* The closing sale price of a share of Common Stock reported for composite transactions in the New York Stock Exchange listed securities in print or electronically by The Wall Street Journal or by another recognized provider designated by the Committee for such date or, if no such prices are reported for such date, on the most recent trading day prior to such date for which such prices are reported; provided, however, that the Committee may, in good faith, establish alternative methods or procedures for determining Fair Market Value. Fair Market

Value of Restricted Stock, Restricted Stock Units, or Deferred Stock shall be based on the shares subject to such Award without regard to any risk of forfeiture or restriction on transferability applicable to such Award.

2.16 *Option.* An Award under Article VII representing a conditional right to purchase, upon the exercise of the right by the Participant or his or her Beneficiary, a specified number of shares of Common Stock at a fixed price during a specified period or periods, and subject to such other conditions as the Committee may specify.

2.17 *Participant.* A Director who has been granted an Award under the Plan.

2.18 *Plan.* This 1995 Directors' Stock Compensation Plan.

2.19 *Restricted Stock.* An Award under Article VIII pursuant to which a specified number of shares of Common Stock are granted to the Participant, subject to a specified risk of forfeiture and restriction on transferability until the expiration of a specified restricted period or periods, and subject to such other conditions as the Committee may specify.

2.20 *Restricted Stock Units.* An Award under Article VIII or as a result of Dividend Equivalents which represents a generally nontransferable right to receive one share of Common Stock at a specified future date for each Restricted Stock Unit awarded, together with a right to Dividend Equivalents and other rights, subject to a specified risk of forfeiture (except in the case of Restricted Stock Units resulting from Dividend Equivalents) until the expiration of a specified period or periods and other terms and conditions set forth in Article VIII, and subject to such other conditions as the Committee may specify.

2.21 *Retirement.* A stockholder-elected Director's termination of membership on the Board upon or after, and as a consequence of, attaining the Retirement Age.

2.22 *Retirement Age.* The retirement age which, under the Board retirement policy adopted by the Board of Directors (as such policy may be modified from time to time), is applicable to the affected stockholder-elected Director.

2.23 *Stock Election.* An election, made pursuant to Article IX, by an eligible Director, to receive Common Stock or Deferred Stock in payment of all or a portion of Compensation.

ARTICLE III Administration

3.1 *Authority of the Committee Generally.* The Plan shall be administered by the Committee, except insofar as administrative authority is expressly reserved to the Board. The Committee shall have full and final authority to take the following actions, in each case subject to and consistent with the provisions of the Plan:

(a) to recommend to the Board policies regarding the type or types of Awards to be granted to Directors for specified services, the time or times at which such Awards may be granted, the number of shares of Common Stock to be subject to each Award, and the material terms and conditions of such Awards not otherwise specified in the Plan, and to determine all other matters in connection with an Award not otherwise specified in the Plan or determined by the Board;

(b) to prescribe the form of each Award Document;

(c) to adopt, amend, suspend, waive, and rescind such rules and regulations as the Committee may deem necessary or advisable to administer the Plan, including rules that reflect the advice of counsel, promoting compliance with applicable laws and regulations;

(d) to correct any defect, fill any omission or reconcile any inconsistency in the Plan and to construe and interpret the Plan and any Award, rules and regulations, Award Document, or other instrument hereunder; and

(e) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan.

3.2 *Authority of the Board.* In furtherance of the authority of the Board to establish policies providing for reasonable compensation to Directors and setting the form, timing, and other terms of such compensation, the Board shall have full and final authority to establish policies regarding the type or types of Awards to be granted under Articles VII and VIII to Directors for specified services, the time or times at which such Awards may be granted, the number of shares of Common Stock to be subject to each Award, and the material terms and conditions of Awards, in each case subject to and consistent with the provisions of the Plan. In addition, the Board may exercise any authority of the Committee under the Plan.

3.3 *Good Faith Reliance; Limitation on Liability.* Each member of the Committee or the Board shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or other employee of the Corporation, the Corporation's independent public accountants, or any compensation consultant, legal counsel, or other professional retained by the Corporation or the Committee to assist in the administration of the Plan. No member of the Committee or Board, nor any officer or employee of the Corporation acting on behalf of the Committee or Board hereunder, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and members of the Committee and Board and any officer or employee of the Corporation acting on behalf of the Committee or Board or members thereof shall, to the extent permitted by law, be fully indemnified and protected by the Corporation with respect to any such action, determination, or interpretation.

3.4 *Limitation on Repricing.* Other provisions of the Plan notwithstanding, without the prior approval of the Corporation's stockholders, the Committee will not amend or replace previously granted Options in a transaction that constitutes a "repricing." "Repricing" means: (a) lowering the exercise price of an Option after it is granted; (b) canceling an Option at a time when its exercise price exceeds the fair market value of the underlying stock, in exchange for another Option, Restricted Stock, other Award, other equity, or cash or other property, unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction; (c) any other action that is treated as a repricing under generally accepted accounting principles; or (d) any other action that has the same effect as those itemized in (a) – (c); provided, however, that any adjustment authorized by Section 4.3 shall under no circumstances be considered a "repricing."

ARTICLE IV

Common Stock Available Under the Plan; Adjustments

4.1 *Common Stock Available for Delivery.* Subject to adjustment as hereinafter provided, the total number of shares of Common Stock reserved and available for delivery in connection with Awards under the Plan shall be 2,400,000, which is the number of shares originally authorized under

the Plan at its effective date (adjusted for stock splits since the effective date); provided, however, that not more than 40% of the total number of shares reserved and available under the Plan shall be subject to Awards of Restricted Stock and Restricted Stock Units under Section 8.1 which become vested and nonforfeitable under Section 8.2. If all or any portion of any Award is forfeited, or otherwise is terminated without delivery of shares of Common Stock to the Participant, the shares to which such Award or portion thereof related shall again be available for Awards under the Plan. For this purpose, upon exercise of an Option, the gross number of shares subject to the portion of the Option so exercised shall be deemed to have been delivered upon exercise of the Award.

4.2 *Source of Common Stock.* Any shares of Common Stock delivered pursuant to an Award may consist, in whole or in part, of authorized but previously unissued shares, treasury shares, or shares acquired in market transactions on behalf of the Participants.

4.3 *Adjustments in Response to Corporate Events.* In the event that the Committee shall determine that any large and non-recurring dividend or other distribution (whether in the form of cash or other property), recapitalization, forward or reverse split, dividend of Common Stock, reorganization, merger, consolidation, spin-off, combination, repurchase or share exchange, rights offering, or other similar corporate transaction or event affects the Common Stock, then the Committee shall, in such manner as it may deem equitable, (i) adjust any or all of the number and kind of shares of Common Stock then authorized for delivery for Awards under Section 4.1 and the number and kind of shares of Common Stock to be subject to each automatic grant of Options under Article VII or Restricted Stock or Restricted Stock Units under Article VIII in accordance with any granting policy of the Board then in effect; and (ii) if an adjustment is necessary in order to prevent dilution or enlargement of the rights of Participants under the Plan, as determined by the Committee, adjust (A) the number and kind of shares of outstanding Restricted Stock or other outstanding Award in connection with which shares have been issued or delivered, (B) the number and kind of shares that may be issued or delivered in respect of other outstanding Awards, (C) the exercise price, grant price, or purchase price relating to any Award (or, if deemed appropriate, the Committee may make provision for a cash payment with respect to any outstanding Award), and (D) any other term relating to an Award; provided that any adjustment effecting any outstanding Award shall be made in accordance with Section 10.4(b). Unless otherwise determined by the Committee, in the event of a forward split of Common Stock or a dividend in the form of Common Stock, each adjustment specified in Section 4.3(i) and (ii) (A), (B) and (C) shall be effected automatically by multiplying the relevant pre-transaction number of shares by the sum of one plus the number of shares deliverable in respect of each outstanding share, and dividing the exercise price of each outstanding Option by that same sum. In furtherance of the foregoing, in the event of an “equity restructuring” as defined in FAS 123R which affects the Common Stock, a Participant shall have a legal right to an adjustment to the Participant’s Award which shall preserve without enlarging the value of the Award, with the manner of such adjustment to be determined by the Committee in its discretion, and subject to any limitation on this right set forth in the applicable Award Document. If at any date an insufficient number of shares are available for the grant of Awards hereunder, then all Awards to be made at that date shall be reduced proportionately by applying a fraction, the numerator of which shall be the number of shares remaining and the denominator of which shall be the number of shares necessary for the grant of full Awards hereunder.

ARTICLE V Eligibility

5.1 *Persons Eligible.* Any Director of the Corporation is eligible to be granted Awards under the Plan.

5.2 *Rights to Awards.* A Participant or Director eligible to be a Participant shall be entitled to Awards under the Plan as expressly provided in and as authorized by the Board under the Plan.

ARTICLE VI Terms of Awards

6.1 *General.* Awards shall be granted on the terms and conditions set forth herein and as specified by the Board and the Committee hereunder.

6.2 *Limitations on Transferability.* Awards and any other rights under the Plan shall not be transferable by a Participant except by will or the laws of descent and distribution (or to a designated Beneficiary in the event of a Participant's death) and, if exercisable, shall be exercisable during the lifetime of a Participant only by such Participant or his or her guardian or legal representative. No transfer by will or the laws of descent and distribution shall be effective to bind the Corporation unless the Corporation shall have been furnished with a copy of such will or other evidence as the Corporation may deem necessary to establish the validity of the transfer. Awards and other rights under the Plan may not be pledged, mortgaged, hypothecated, or otherwise encumbered, and shall not be subject to the claims of creditors. The foregoing notwithstanding, if and to the extent expressly permitted by the Committee, and subject to such terms and conditions as established by the Committee, such Awards and other rights may be transferred by a Participant to one or more Beneficiaries, and may be exercised by such Beneficiaries in accordance with the terms of such Award, but such transfers may be permitted only for estate-planning purposes and shall not be transfers for value.

6.3 *No Stockholder Rights.* No Award shall confer on any Participant any of the rights of a stockholder of the Corporation unless and until Common Stock is duly issued or transferred to the Participant in accordance with the terms of the Award or, in the case of an Option, at such time at or after the exercise of the Option as may be specified by the Committee in order to facilitate exercise procedures.

6.4 *Insider Trading Policies Apply.* A Participant's rights under any Award, including rights to exercise or receive settlement and rights to sell any Common Stock delivered in connection with an Award, are subject to the terms of the Corporation's Code of Conduct (or any successor thereof) and related policies on insider trading and may be restricted by those documents. Such restrictions currently include limitations on the times at which the Participant may engage in such transactions.

ARTICLE VII Options

7.1 *Award.* Options shall be granted to Directors in accordance with policies established from time to time by the Board specifying the number of shares to be subject to each Option, the time or times at which such Options shall be granted, and other Award terms not inconsistent with this Article VII.

7.2 *Terms of Award.* Each Option granted to a Participant under the Plan shall be evidenced by an Award Document containing terms and conditions as follows:

(a) *Option Price.* The Option price per share shall be the Fair Market Value of the Common Stock at time of grant.

(b) *Option Term.* Each Option awarded under this Plan shall expire on the date which is ten years after the date of grant (or such lesser period as may be specified by the Board at the time of grant), or such earlier date as the Option may no longer be exercised and cannot, by its terms, thereafter become exercisable.

(c) *Exercise.* The Board may establish terms regarding the times at which Options shall become vested and exercisable.

(d) *Payment.* The purchase price of the shares to which an Option relates shall be paid to the Corporation either in cash, in Common Stock owned by the Participant, or by directing the Corporation to withhold from the shares deliverable upon exercise of the Option shares sufficient to pay the exercise price, or any combination of these exercise methods, or by any other exercise method as may be authorized by the Committee, except to the extent that the Committee may restrict any of these exercise methods (providing that at least one exercise method must remain permitted).

7.3 *Termination of Board Membership.* The Board may establish terms regarding the extent to which, upon or following termination of a Director's membership on the Board, including upon death, Disability, Retirement or Early Retirement, Options shall become vested and exercisable on an accelerated basis, Options shall cease to become vested and exercisable, or Options shall cease to be exercisable or shall be forfeited.

ARTICLE VIII

Restricted Stock and Restricted Stock Units

8.1 *Award.* Restricted Stock and Restricted Stock Units shall be granted to Directors in accordance with policies established from time to time by the Board specifying the number of shares of Restricted Stock or Restricted Stock Units to be granted, the time or times at which such Restricted Stock or Restricted Stock Units shall be granted, and other Award terms not inconsistent with this Article VIII.

8.2 *Vesting Schedule.* The Board may establish terms regarding the times at which Restricted Stock or Restricted Stock Units shall vest and become nonforfeitable, and the times at which Restricted Stock Units will be settled.

8.3 *Termination of Board Membership.* The Board may establish terms regarding the extent to which, upon or following termination of a Director's membership on the Board, including upon death, Disability, Retirement or Early Retirement, Restricted Stock and Restricted Stock Units shall become nonforfeitable on an accelerated basis, continue to vest or shall be forfeited.

8.4 *Other Terms of Restricted Stock.* The Board or Committee shall specify terms and conditions applicable to Restricted Stock, subject to and consistent with the terms of the Plan, including the following:

(a) *Non-Cash Dividends or Distributions on Restricted Stock.* Unless otherwise determined by the Board, any non-cash dividend or distribution on Restricted Stock, including shares of Common Stock distributed as a dividend on Restricted Stock or other securities or

property other than shares of Common Stock, shall remain subject to all restrictions and risk of forfeiture as applied to the shares of Restricted Stock with respect to which it or they were paid as a dividend or distribution. In the case of securities other than shares of Common Stock or in the case of other property, issued with respect to Restricted Stock, the Board may determine that such securities or other property may be held in an escrow account, whether such securities or property is issued by the Corporation or by another issuer, and such securities or other property and any cash or other proceeds thereof received by the escrow agent on account of a redemption or other transaction affecting such securities or other property shall be delivered out of escrow to a Participant or to the Corporation at the time of vesting or forfeiture of the related Restricted Stock. A Participant will be required to execute any instrument or document upon the reasonable request of the Corporation and deliver it to the Corporation, including for the purposes of enforcing any forfeiture of the Restricted Stock or other securities or property referred to in this Section 8.4(a) or the proceeds thereof, or otherwise to implement the provisions of this Plan or any applicable Award Document relating to Restricted Stock.

(b) *Stockholder Rights.* Except as otherwise provided herein, each Participant shall have all of the rights and privileges of a stockholder of the Corporation as to his or her Restricted Stock, including the right to receive any cash dividends and, subject to Section 8.4(a), other dividends declared with respect to such stock and the right to exercise voting rights.

(c) *Section 83(b) Elections.* A Participant who files an election with the Internal Revenue Service to include the Fair Market Value of any shares of Restricted Stock in gross income while such shares are subject to restrictions shall promptly furnish the Committee with a copy of such election. The Participant shall be responsible for paying the amount of any Federal, state, local, or other taxes required to be paid with respect to such election.

8.5 *Other Terms of Restricted Stock Units.* The Board or Committee shall specify terms and conditions applicable to Restricted Stock Units, subject to and consistent with the terms of the Plan, including the following:

(a) *Deferral Period and Settlement.* The Board or Committee shall specify periods of deferral and the time or times (including events) that shall give rise to settlement of Restricted Stock Units. Such deferral periods may expire at the same time or later than the time the risk of forfeiture of Restricted Stock Units lapses under Section 8.2 and terms of the applicable Award Document. Restricted Stock Units shall be settled solely by delivery of one share of Common Stock for each Restricted Stock Unit to be settled; provided, however, that reasonable provisions may be made to pay cash in lieu of issuance or delivery of any fractional shares.

(b) *Dividend Equivalents.* Dividend Equivalents shall be credited on previously credited Restricted Stock Units, on terms and conditions specified by the Board or Committee.

(c) *Accounts.* The Board or Committee may authorize the creation of bookkeeping accounts to reflect transactions and events affecting Restricted Stock Units.

ARTICLE IX Stock Election

9.1 *Election to Receive Stock.* Any eligible Director who is entitled to receive Compensation may elect to receive all or a portion of such Compensation in the form of Common Stock, in lieu of

cash, or, if and to the extent authorized under Section 9.4, to defer receipt of such Compensation in the form of Deferred Stock, in accordance with this Article IX and subject to such terms and conditions as may be specified by the Board or Committee. A Director shall make such an election by executing a Stock Election, on or before such date as may be specified by the Board or Committee but not later than December 31 preceding the calendar year (the “Plan Year”) in which such Compensation would otherwise be payable in cash. If an eligible Director is not in office as of December 31 preceding a Plan Year, the Director may execute a Stock Election for such Plan Year not later than the earlier of the day before the date of the first meeting of the Board that such Director attends for such Plan Year or the date that is 30 days after the date the Director became eligible to participate in the Plan, provided that if the Director elects to receive Compensation in the form of Deferred Stock, the election shall apply only to Compensation for services to be performed after the election has been made. Such stock election shall be effective upon its receipt by the Corporation.

9.2 *Amount of Stock or Deferred Stock.* On each date that Compensation would otherwise be paid (the “Payment Date”), a Director who has made a Stock Election to receive Common Stock hereunder shall be entitled to receive a number of shares of Common Stock the Fair Market Value of which is equal to the amount of the Compensation which would have been paid to such Director had such Stock Election not been made, and, if and to the extent authorized under Section 9.4, a Director who has made a Stock Election to receive Deferred Stock hereunder shall be entitled to receive a number of shares of Deferred Stock equal to the number of shares of Common Stock the Fair Market Value of which is equal to the amount of the Compensation which would have been paid to such Director had such Stock Election not been made. The number of shares of Common Stock or Deferred Stock to be acquired by a Director pursuant to a Stock Election shall be determined by dividing the amount of Compensation subject to the Stock Election by the Fair Market Value as of the Payment Date.

9.3 *Receipt of Common Stock Pursuant to a Stock Election.* In the case of a Stock Election to receive shares of Common Stock in lieu of Compensation on a non-deferred basis, the following terms and conditions apply:

(a) *Source of Shares.* The shares of Common Stock issued pursuant to such a Stock Election may consist of authorized but previously unissued shares, treasury shares or shares acquired on the open market on the next business date following the Payment Date through the Corporation’s transfer agent, Computershare Limited, or any successor agent designated by the Committee to act under the provisions of this Plan.

(b) *Account.* A separate account will be maintained by an agent designated by the Corporation for each Participant and shares will be allocated to such account under this Section 9.3 as of the applicable Payment Date.

(c) *Stockholder Rights.* On each Payment Date, a Participant shall acquire all of the rights and privileges of a stockholder of the Corporation with respect to shares issued to him or her pursuant to such a Stock Election under the Plan as of such Payment Date, including the right to vote on any matter for which the record date for voting is on or after such Payment Date and the right to payment of a dividend the record date for which is on or after such Payment Date.

(d) *Delivery of Shares.* Shares of Common Stock acquired under this Section 9.3 shall be delivered to the Participant at such time and in such manner as the Corporation may reasonably determine. Unless otherwise permitted by the officers authorized to administer the Plan, shares delivered under this Section 9.3 shall be registered solely in the name of the

Participant and shall be delivered solely to the Participant (or, if deceased, to the Participant's Beneficiary). If Participant has ownership and control of the account specified in Section 9.3(b), delivery of shares will be governed by the terms of that account.

(e) *Fractional Shares.* A Participant (or, if deceased, the Participant's Beneficiary) shall be paid, in cash, an amount equal to the value of any fractional share credited to the Participant's account under this Section 9.3 quarterly or as otherwise determined by the head of Human Resources. For this purpose, the value of a fractional share shall be based upon the Fair Market Value of the Common Stock on the date of such request or the date of termination. Any fractional share for which such a payment is made shall be deemed to have been sold on such date. If the Participant has ownership and control of the account specified in Section 9.3(b), the treatment of any fractional shares will be governed by the terms of that account.

(f) *Participation in Dividend Reinvestment Plan.* A Participant may elect to reinvest dividends paid on the shares held in his or her account under this Section 9.3 in the purchase of additional shares of Common Stock pursuant to any dividend reinvestment plan offered by the Corporation to stockholders generally.

9.4 *Award of Deferred Stock Pursuant to a Stock Election.* The Board may authorize the award of Deferred Stock in lieu of Compensation, pursuant to the Stock Elections by Directors. In such case, the Board or Committee shall specify terms and conditions applicable to such Stock Elections and Deferred Stock, subject to and consistent with the terms of the Plan, including the following:

(a) *Deferral Period and Settlement.* The Director shall elect the periods of deferral and the time or times (including events) which shall give rise to settlement of Deferred Stock, provided that the alternatives that may be elected shall be specified by the Board or Committee and shall meet the requirements of Section 9.1 and 10.6. Deferred Stock shall be settled solely by delivery of one share of Common Stock for each share of Deferred Stock to be settled; provided, however, that reasonable provisions may be made to pay cash in lieu of issuance or delivery of any fractional shares.

(b) *Dividend Equivalents.* Unless otherwise determined by the Board or Committee, a Participant shall be credited with Dividend Equivalents on his or her Deferred Stock, which may be payable in cash, on a current or deferred basis, or by the crediting of additional Deferred Stock having a Fair Market Value equal to the value of such Dividend Equivalents, as specified by the Board or Committee.

(c) *Accounts.* The Board or Committee may authorize the creation of bookkeeping accounts to reflect crediting and other transactions and events affecting Deferred Stock.

ARTICLE X

General Provisions

10.1 *Consideration.* Options, Restricted Stock, and Restricted Stock Units will be granted under the Plan in order to obtain for the Corporation the benefit of the services of Participants and, except for such services and the payment of the exercise price of an Option, no other consideration shall be required in connection with such Awards. The consideration for Common Stock issued or delivered pursuant to a Participant's Stock Election or in settlement of Deferred Stock granted pursuant to a Participant's Stock Election will be the Participant's services during the period to which the Compensation paid in the form of Common Stock or Deferred Stock relates.

10.2 *Compliance With Laws and Obligations.* The Corporation shall not be obligated to issue or deliver Common Stock in connection with any Award or take any other action under the Plan in a transaction subject to any federal or state law, any requirement under any listing agreement between the Corporation and any national securities exchange or automated quotation system, or any other law, regulation, or contractual obligation of the Corporation, until the Corporation is satisfied that such laws, regulations, and other obligations of the Corporation have been complied with in full. Certificates representing shares of Common Stock delivered under the Plan will be subject to such stop transfer orders and other restrictions as may be applicable under such laws, regulations, and other obligations of the Corporation, including any requirement that a legend or legends be placed thereon. In addition, the Corporation may affix to any shares issued as Restricted Stock an appropriate legend reflecting the restrictions imposed under the Plan. The Corporation shall make best efforts to satisfy the compliance obligations relating to the Plan and Awards in order to avoid adverse effects on Participants under this Section 10.2.

10.3 *No Right to Continued Membership.* Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Director the right to be retained as a member of the Board of the Corporation, or (ii) interfering in any way with the right of the Corporation to terminate any Director's membership at any time. Except as expressly provided in the Plan and an Award Document, neither the Plan nor any Award Document shall confer on any person other than the Corporation and the Participant any rights or remedies hereunder or thereunder.

10.4 *Changes to the Plan and Awards.*

(a) *Plan Amendments.* The Committee may, with prospective or retroactive effect, amend, alter, suspend, discontinue, or terminate the Plan without the consent of stockholders or Participants, except that any amendment shall be subject to the approval of the Corporation's stockholders at or before the first annual meeting of stockholders for which the record date falls on or after the date of such Committee action if such amendment is required under Section 303A.08 of the Listed Company Manual of the New York Stock Exchange or is otherwise subject to a requirement of stockholder approval under any applicable law or regulation, the rules of any stock exchange or automated quotation system on which the Common Stock may then be listed or quoted, or the Corporation's Bylaws. In addition, the Committee may otherwise, in its discretion, determine that any other such changes to the Plan also shall be subject to the approval of the Corporation's stockholders. The foregoing notwithstanding, without the consent of an affected Participant, except to the extent required by Section 10.2 hereof, no such action may materially impair the rights of such Participant under any Award theretofore granted. The foregoing notwithstanding, the Committee shall not adopt a material amendment to this Section or Section 4.1, or adopt an amendment that would be subject to stockholder approval under this Section or otherwise would exceed the authority of the Committee under its charter and other corporate governance documents of the Corporation, without the approval of the Board.

(b) *Changes to the Terms of Outstanding Awards.* The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue, or terminate, any Award previously granted and any Award Document relating thereto; provided, however, that, except to the extent required by Section 10.2 hereof, no such action may materially impair the rights of a Participant under such Award without the consent of the affected Participant, and provided further that, for Awards that are intended to be settled in Common Stock per their written terms, cash settlement should be rare and only in response to circumstances that are unique, outside of the Participant's control, and perceived to result in a hardship to the

Participant. Unless otherwise determined by the Committee, such cash settlements must receive prior approval of the Corporation's Chief Financial Officer. Modifications that are in substance cash settlements are subject to this same requirement. The foregoing notwithstanding, the Committee shall have no authority to waive or modify any Award term after the Award has been granted to the extent the waived or modified term would be inconsistent with Section 3.4 (or otherwise would not be within the discretion of the Committee if it were then granting a new Award).

10.5 *Governing Law.* The validity, construction, and effect of the Plan, any resolution or program implementing the Plan, any rules and regulations under the Plan, and any Award Document will be determined in accordance with the Federal Home Loan Mortgage Corporation Act of 1970, other federal laws regulating the Corporation, and other laws of the United States. This Plan and the respective rights and obligations of the Corporation and the Participants, except to the extent otherwise provided by Federal law, shall be construed under the laws of the Commonwealth of Virginia (without giving effect to principles of conflicts of laws). The validity, enforceability and effectiveness of any electronic records or electronic signatures used in connection with any Award Document shall be governed by E-SIGN or the Virginia UETA, as applicable.

10.6 *Certain Limitations on Awards to Ensure Compliance with Code Section 409A.*

(a) *409A Deferrals.* Other provisions of the Plan notwithstanding, the terms of any Award that constitutes a deferral of compensation for purposes of Code Section 409A (a "409A Deferral"), including any authority of the Corporation and rights of the Participant with respect to the 409A Award, shall be limited to those terms permitted under Section 409A, and any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A. The following rules will apply to 409A Awards (and other Awards, as indicated):

(i) If a Participant is permitted to make a deferral election in connection with the 409A Deferral, including an election to defer Compensation, such election will be permitted only at times in compliance with Section 409A (including transition rules thereunder);

(ii) The Committee may, in its discretion, require or permit on an elective basis a change in the distribution terms applicable to 409A Awards, and any other Award that qualifies for the short-term deferral exemption under Section 409A, during 2006 and 2007 in accordance with, and to the fullest extent permitted by, Proposed Treasury Regulation § 1.409A (including Preamble § XI.C) and IRS Notice 2005-1, and at any time in accordance with Section 409A and regulations thereunder. The head of Human Resources of the Corporation is authorized to modify any such outstanding Awards to permit election of different deferral periods, provided that any such modifications may not otherwise increase the benefits to Participants or the costs of such Awards to the Corporation;

(iii) The Corporation shall have no authority to accelerate distributions relating to 409A Awards in excess of the authority permitted under Section 409A;

(iv) Any distribution of a 409A Award triggered by a Participant's termination of service and intended to qualify under Section 409A(a)(2)(A)(i) shall be made only at the time that the Participant has had a "separation from service" within the meaning of Section 409A(a)(2)(A)(i) (or earlier at such time, after a termination of service as a

Director, that there occurs another event triggering a distribution under the Plan or the applicable Award agreement in compliance with Section 409A), and any such distribution shall otherwise comply with 409A; and

(v) In the case of any distribution of a 409A Award, if the timing of such distribution is not otherwise specified in the Plan or an Award agreement or other governing document, the distribution shall be made not later than 75 days after the date at which the settlement of the Award is specified to occur.

(b) *Distributions Upon Vesting.* In the case of any Award providing for a distribution upon the lapse of a risk of forfeiture, if the timing of such distribution is not otherwise specified in the Plan or an Award Document or other governing document, the distribution shall be made not later than March 15 of the year following the year in which the risk of forfeiture lapsed.

(c) *Scope and Application of this Provision.* For purposes of this Section 10.6, references to a term or event (including any authority or right of the Corporation or a Participant) being “permitted” under Section 409A mean that the term or event will not cause the Participant to be deemed to be in constructive receipt of compensation relating to the 409A Award prior to the distribution of shares or cash or other property or to be liable for payment of interest or a tax penalty under Section 409A.

10.7 *Continued Service as an Employee.* If a Participant ceases serving as a Director and, immediately thereafter, is employed by the Corporation or any affiliate, then, solely for purposes of Sections 7.3 and 8.3 of the Plan, such Participant will not be deemed to have ceased service as a Director at that time, and his or her continued employment by the Corporation or any subsidiary will be deemed to be continued service as a Director; provided, however, that such former Director will not be eligible for additional Awards under the Plan.

10.8 *Plan Termination; Effect of Amendment and Restatement.* The amendment and restatement of the Plan shall be effective upon its approval by the stockholders of the Corporation by an affirmative vote that meets the requirements of the Corporation’s Bylaws and the Listed Company Manual of the New York Stock Exchange then in effect. Unless earlier terminated by action of the Board or Committee, the Plan will remain in effect until such time as no Common Stock remains available for delivery under the Plan and the Corporation has no further rights or obligations under the Plan with respect to outstanding Awards. No Awards shall be made under the Plan, including pursuant to Article IX, after the Corporation’s Annual Meeting of Stockholders in 2017. Any Award granted prior to the effectiveness of the Amendment and Restatement of the Plan on March 3, 2007 shall be governed by the terms of Articles VII and VIII of the Plan (as applicable) as in effect at the time such Award was granted.