

## ITEM 11. EXECUTIVE COMPENSATION

### Executive Summary

Our principal goal under conservatorship has been to keep the company functioning so we can continue to carry out our housing mission. We are particularly concerned about our ability to fulfill our mission if we are unable to attract and retain competent and experienced executives — a very real concern given the uncertainty surrounding our future business model, organizational structure, and compensation structure, which is adversely impacting our internal control environment. We believe these factors are also contributing to increased levels of voluntary employee turnover, including 17% voluntary turnover at our Senior and Executive Vice President levels in 2011. Additionally, the Conservator directed us to maintain individual salaries and wage rates for all employees at 2010 levels for 2011 and 2012 (except in the case of promotions or significant changes in responsibilities). In 2011, we made certain significant reorganizations which included targeted divisional staff reductions in an effort to manage general and administrative expenses. All of these activities impact our ability to retain our employees and compensate them for their work. Disruptive levels of turnover at both the executive and employee levels could lead to breakdowns in many of our operations that impact our ability to: (a) serve our mission and meet our objectives; (b) manage credit and other risks related to our \$2.1 trillion total mortgage portfolio (including interest rate and other market risks related to our \$653 billion mortgage-related investment portfolio); (c) reduce the need to draw funds from Treasury; and (d) issue timely financial statements.

We are finding it difficult to retain and engage critical employees and attract people with the skills and experience we need. Because we maintain succession plans for our senior management positions, we were able to quickly fill some of these positions vacated in 2011, or eliminate them through reorganizations. However, such alternatives are limited and may not be available to address future senior management departures. While we update our succession plans regularly, in many areas we have already executed these plans and we may need to search outside the company for replacements to fill these senior positions. We face increased difficulty filling senior positions given the uncertainty around compensation. We operate in an environment in which business decisions are closely scrutinized and subject to public criticism and review by various government authorities. Many executives are unwilling to work in such an environment for potentially significantly less than what they could earn elsewhere. Accordingly, we may not be able to retain or replace executives or other employees with the requisite institutional knowledge and the technical, operational, risk management, and other key skills needed to conduct our business effectively. A recovering economy is likely to put additional pressures on turnover in 2012, as other attractive opportunities may become available to people who we want to retain.

Also contributing to our concerns regarding executive retention risk is the aggregate level of compensation paid to our Section 16 executive officers, which for 2011 performance was significantly below the 25th percentile of market-based compensation. Any compensation changes that appear excessive, abrupt or arbitrary are likely to create heightened levels of operational risk. We anticipate that any significant adverse changes in executive compensation levels will result in numerous vacancies in senior positions that are important for our sound operation, since the incumbents in these positions possess significant business and leadership skills that are in demand elsewhere in the market at substantially higher levels of compensation. Filling vacancies at further reduced compensation levels with equally capable and experienced individuals is not likely — especially given the uncertainty and criticism surrounding the GSEs. In this environment, increased uncertainty and instability in the top ranks would likely cascade down to other officers and employees. The resulting loss of talent and institutional knowledge would cause an appreciable increase in the operational risk of the company.

In evaluating the potential impact of legislation to further reduce the pay of our executives and employees, the Acting Director of FHFA stated in his testimony to the U.S. Senate Committee on Banking, Housing and Urban Affairs on November 15, 2011 that:

***“a sudden and sharp change in pay would certainly risk a substantial exodus of talent, the best leaving first in many instances. [The GSEs] likely would suffer a rapidly growing vacancy list and replacements with lesser skills and no experience in their specific jobs. A significant increase in safety and soundness risks and in costly operational failures would, in my opinion, be highly likely.”***

As a result of the increasing risk of employee turnover, we are exploring options to enter into various strategic arrangements with outside firms to provide operational capability and staffing for key functions, if needed. Should we experience significant turnover in key areas, we may need to exercise these strategic arrangements and significantly increase the number of outside firms and consultants used in our business operations, limit certain business activities, and/or increase our operational costs. However, these or other efforts to manage the risks to the enterprise may not be successful.

## Compensation Discussion and Analysis

This section contains information regarding our compensation programs and policies, as modified by direction we received from FHFA as Conservator. These programs and policies were applicable to the following individuals, who were determined to be our Named Executive Officers for the year ended December 31, 2011 under SEC rules.

- Charles E. Haldeman, Jr., Chief Executive Officer
- Ross J. Kari, Executive Vice President — Chief Financial Officer
- Anthony N. Renzi, Executive Vice President — Single-Family Business, Operations and Technology
- Jerry Weiss, Executive Vice President — Chief Administrative Officer
- Paige H. Wisdom, Executive Vice President — Chief Enterprise Risk Officer

### ***Executive Management Compensation Program***

#### *Overview of Program Structure*

The Executive Management Compensation Program, or the Executive Compensation Program, covers the compensation of Freddie Mac executives in the following positions, each a Covered Officer:

- Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chief Financial Officer (CFO);
- All Executive Vice Presidents (EVPs); and
- All Senior Vice Presidents (SVPs).

Each Named Executive Officer is a Covered Officer.

The Executive Compensation Program is a result of collaboration and compromise with FHFA that reflects the principles established by Treasury's executive compensation guidelines for companies receiving federal assistance. Specifically, the Executive Compensation Program was designed to align executive pay with achievement of our mission of providing liquidity, stability, and affordability to a troubled mortgage market and with certain financial, infrastructure development and other corporate performance objectives established annually by our Board and approved by FHFA. These objectives reflect our responsibilities both under our charter and in conservatorship as determined by the Conservator. The Executive Compensation Program establishes strict recapture provisions that protect the interests of taxpayers. The Executive Compensation Program attempts to balance our need to retain critical executives and attract new executive talent while continuing to support the nation's housing recovery amidst the uncertainties regarding our future.

One key element of the Executive Compensation Program that differs from Treasury's executive compensation guidelines is that all compensation is delivered exclusively in cash. We cannot provide equity-based compensation to our employees under the terms of the Purchase Agreement with Treasury, unless such grants are approved by Treasury. In addition, uncertainty regarding our future status makes our common stock ineffective as a vehicle for delivering incentive compensation.

Participation in the Executive Compensation Program is contingent upon a Covered Officer agreeing to be bound by the terms of a recapture arrangement that has been approved by both the Compensation Committee and FHFA. A further discussion of the recapture arrangement is set forth below in "Other Executive Compensation Considerations — Recapture Policy."

Finally, although the Compensation Committee takes the lead role in considering and recommending executive compensation, FHFA has become increasingly involved in the process and has limited the Compensation Committee's flexibility in certain respects, as previously discussed. In addition, the following circumstances limit the Compensation Committee's authority during conservatorship:

- FHFA issued a directive on December 16, 2010 requiring the Compensation Committee to set 2011 Target TDC at a level that was either the same as or lower than each Named Executive Officer's 2010 Target TDC, absent a promotion or a significant change in responsibilities. On December 13, 2011, FHFA extended this directive for setting 2012 Target TDC and subsequently instructed the Compensation Committee to further reduce the compensation levels of senior management.
- When FHFA was appointed as our Conservator in September 2008, it assumed all of the rights, titles, powers, and privileges of the company and its stockholders, directors and management, including the authority to set executive compensation. Under the terms of the Purchase Agreement, FHFA is required to consult with Treasury on any increases in compensation or new compensation arrangements for our executive officers.

- Our directors serve on behalf of FHFA and exercise their authority as directed by FHFA. More information about the role of our directors is provided above in “Directors, Executive Officers, and Corporate Governance — Authority of the Board and Board Committees.”
- FHFA has directed that our Board consult with and obtain FHFA’s approval before taking any action involving compensation or termination benefits for any officer at the level of executive vice president and above and, regardless of title, executives who hold positions with the functions of chief operating officer, chief financial officer, general counsel, chief business officer, chief investment officer, treasurer, chief compliance officer, chief risk officer, and chief/general internal auditor.
- FHFA retains the authority not only to approve both the terms and amount of any compensation prior to payment to any of our executive officers, but also to modify any existing compensation arrangements.

#### Elements of Compensation and Total Direct Compensation

Under the Executive Compensation Program in effect for 2011, a Covered Officer’s Target TDC consists of three elements — Semi-Monthly Base Salary, Deferred Base Salary, and a Target Incentive Opportunity. The Target TDC is established for each annual performance cycle, as explained in the next section. Under the 2011 Executive Compensation Program, two-thirds of a Covered Officer’s Target TDC consists of the sum of the Semi-Monthly and Deferred Base Salaries, and one-third consists of the Target Incentive Opportunity. More information on the three elements of the Target TDC is provided below.

- Semi-Monthly Base Salary is paid in cash on a semi-monthly basis and provides a fixed level of compensation designed to fairly compensate each Named Executive Officer for the responsibility level of his/her position. Semi-Monthly Base Salary cannot exceed \$500,000 per year, except for the CEO and CFO, or other exceptions as approved from time to time by FHFA.
- Deferred Base Salary is earned during one year but not paid until the corresponding quarter of the following year to provide an incentive for executive retention. Deferred Base Salary is provided in two portions:
  1. The fixed portion provides certainty as to amount and is not subject to increase or decrease on the basis of company performance; and
  2. The performance-based portion is subject to adjustment and provides incentives to the Covered Officers to achieve specific company performance measures.

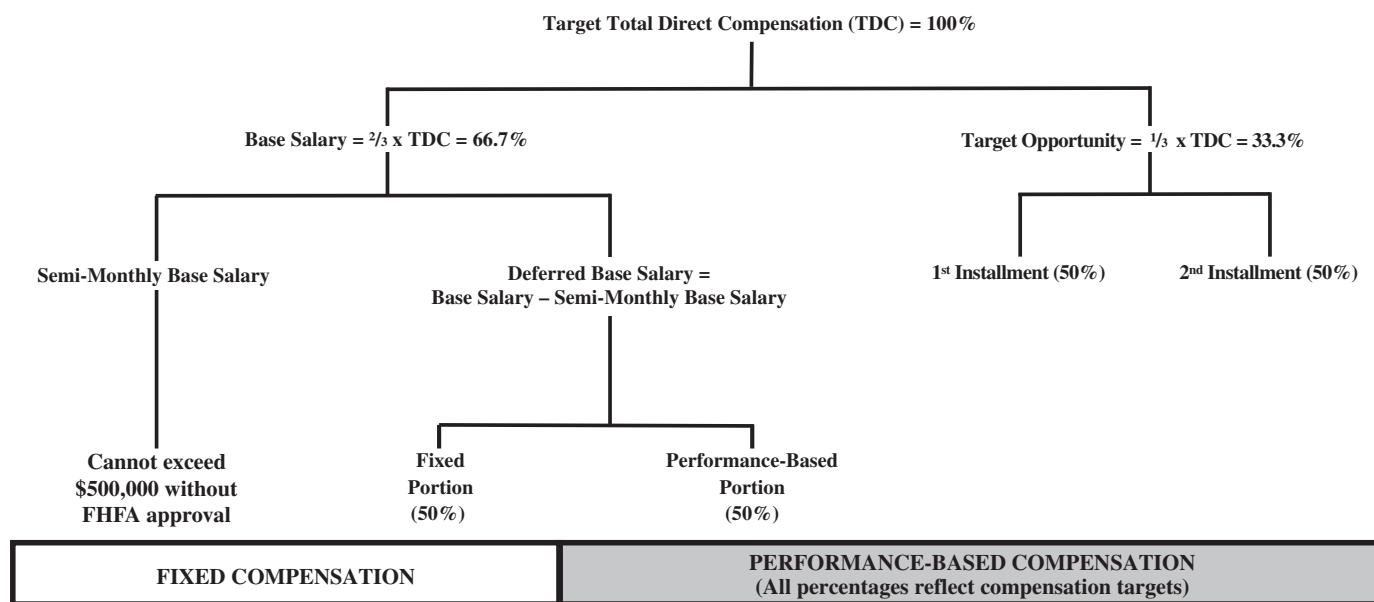
Each Named Executive Officer’s Deferred Base Salary was initially divided equally between the fixed and performance-based portions. The fixed portion was earned during each quarter and paid in a fixed amount on the last business day of the corresponding quarter of the following calendar year. The performance-based portion is earned and paid on the same timetable as the fixed portion, but the Executive Compensation Program permits the amount actually paid to range from 0% to 125% based on the performance-based Deferred Base Salary funding level determined by the Compensation Committee with the approval of FHFA. Each Covered Officer’s payment is equal to his or her target multiplied by the funding level and there is no individual differentiation. While the Executive Compensation Program allowed for an approved funding level for performance-based Deferred Base Salary greater than 100%, it was the intention of the Compensation Committee not to approve a funding level in excess of 100% while the company was in conservatorship.

- The Target Incentive Opportunity (Target Opportunity or TO) is a performance-based, long-term incentive award designed to provide incentives to the Covered Officers to achieve specific corporate performance measures. Each Covered Officer’s target award is equal to one-third of his or her annual Target TDC. The TO is granted annually and earned over a two-year period based on the considerations discussed below. Half of each award is earned in the year granted, with the other half earned in the following year. Payment will occur no later than March 15 of the year following the year to which the annual performance measures are applicable. While the Executive Compensation Program allows for an approved funding level that exceeds 100%, it is the current intention of the Compensation Committee not to approve a funding level in excess of 100% while the company is in conservatorship. Each Named Executive Officer’s TO payments, however, may range from 0% to 150% of target, based on an assessment of division and/or individual performance as determined by the Chief Executive Officer or, in the case of the Chief Executive Officer, the Board of Directors. The amount of each Named Executive Officer’s TO payment is subject to the approval of both the Compensation Committee and FHFA. The individual differentiation of TO payments is discussed further in, “— Determination of Actual Target Opportunity.”

Except in the limited circumstances described below (see “Potential Payments Upon Termination of Employment or Change-in-Control”), we will pay installments of TO and Deferred Base Salary awards only if the Named Executive Officer is employed by Freddie Mac on the scheduled payment date.

Effective January 1, 2012, FHFA approved a new compensation structure for our executives, the 2012 Executive Compensation Program. See “OTHER INFORMATION — 2012 Executive Management Compensation Program” above for additional information. It may be amended or replaced by FHFA or the Compensation Committee, subject to approval by FHFA after consulting with Treasury.

The following diagram depicts Target TDC, including each of the three elements of compensation, under the Executive Compensation Program in effect for 2011.



Performance Measures for the Performance-Based Elements of Compensation

The performance measures for the performance-based portion of Deferred Base Salary, the first installment of the 2011 TO grant, and the second installment of the 2010 TO grant, together with a description of the assessment of actual performance against such measures, are presented below in “— Determination of the Performance-Based Portion of 2011 Deferred Base Salary” and “— Determination of Actual Target Opportunity.” These performance measures, which were developed by management, the Compensation Committee, and FHFA, were chosen because we believe they reflect our priorities under conservatorship. They also generally require the participation and support of employees throughout the company.

Determination of 2011 Target TDC for Named Executive Officers

Role of Compensation Consultants

As part of the annual process to determine the Target TDC for each of the Named Executive Officers, the Compensation Committee receives guidance from an independent compensation consultant that is selected by the Compensation Committee. In addition to the annual process to determine the Target TDC, the compensation consultant provides guidance during the course of the year on executive compensation matters and can be engaged for special projects, as needed, by either the Compensation Committee or the full Board.

The Compensation Committee has engaged Meridian Compensation Partners, LLC (Meridian) as its consultant since September 2010. Meridian was selected by the Compensation Committee without any recommendation by management. Meridian has not provided the Compensation Committee with any non-executive compensation services, nor has the firm provided any consulting services to our management.

Gathering Comparative Market Compensation Data

As part of its process to establish each Named Executive Officer’s Target TDC under the Executive Compensation Program, the Compensation Committee reviewed the compensation of executives in comparable positions at companies that are either in a similar line of business or are otherwise comparable for purposes of recruiting and retaining

individuals with the requisite skills and capabilities. We refer to this group of companies as the Comparator Group. In September 2011, the Compensation Committee reviewed and discussed the composition of the Comparator Group with Meridian and determined that the following companies should be included in the Comparator Group used to establish target compensation levels for 2012:

Allstate	The Hartford	Prudential
American Express	JPMorgan Chase*	State Street
Bank of America*	MasterCard	SunTrust
Bank of New York Mellon	MetLife	U.S. Bancorp
Capital One	Northern Trust	Visa
Citigroup*	PNC	Wells Fargo*
Fannie Mae		

\* Compensation data to be used from these diversified banking firms is taken only from their mortgage or real estate divisions.

While the 2012 Comparator Group continues to include 19 companies, the Committee did make two changes to the composition of the Comparator Group in September 2011, adding Capital One and removing BlackRock. In both cases, these changes were made after considering several factors, including whether each company’s business is in the same or a similar industry, whether we compete for executive talent and whether the company participates in the compensation survey we use to benchmark competitive market data for our senior executives.

In the event there is insufficient data from the Comparator Group for any of the Named Executive Officer positions, or if Meridian believes that additional data sources would strengthen the analysis of competitive market compensation levels, the Compensation Committee can use alternative survey sources to make these assessments. For 2011 and 2012 compensation, the alternative survey sources used by the Compensation Committee were compensation surveys published by McLagan and Aon Hewitt. In order to preserve confidentiality and encourage continuing participation, these consulting firms do not attribute the data in their surveys to the companies that participate in their surveys.

#### *Establishing Target TDC*

In establishing Target TDC levels for our Named Executive Officers, the Compensation Committee used as a guideline the market median, or 50th percentile, of the total direct compensation, consisting of base salary, annual incentive, and long-term incentive awards, paid to comparable positions at Comparator Group companies or in the alternative survey sources. The Compensation Committee’s authority was limited to setting 2011 Target TDC at a level that was either the same as or lower than each Named Executive Officer’s 2010 Target TDC, based on FHFA’s directive that the company maintain individual salaries and wage rates at 2010 levels for 2011, absent a promotion or a significant change in responsibilities.

In establishing the Named Executive Officers’ 2011 Target TDC, the Compensation Committee reviewed 2010 data from the Comparator Group and the alternative survey source. Specifically, for the positions of CEO, CFO and EVP — Chief Enterprise Risk Officer, the Compensation Committee reviewed competitive market data from the Comparator Group. For the EVP — Single-Family Business, Operations and Technology, the Compensation Committee reviewed competitive market data from a survey published by McLagan. For the EVP — Chief Administrative Officer, no reasonable match was available in either the Comparator Group or the alternative survey source and therefore the competitiveness of this position’s Target TDC was evaluated by comparing the scope and breadth of the position’s responsibilities with those of other executive-level positions within the company.

In December 2010, the Compensation Committee applied the criteria described above to either develop 2011 TDC recommendations for each of the Named Executive Officers or review recommendations presented by senior management and management’s compensation consultant, Aon Hewitt. For Mr. Renzi, the December 2010 review related to his role as EVP — Single-Family Portfolio Management and the process was repeated at the time of his promotion into his current role in June 2011, at which time the Compensation Committee reviewed 2010 data from both the Comparator Group and a survey published by Aon Hewitt.

The 2011 Target TDC for each of the Named Executive Officers was reviewed and approved by FHFA.

The table below sets forth the approved 2011 Semi-Monthly Base Salary, Deferred Base Salary, TO, and Target TDC for our Named Executive Officers. These amounts represent compensation targets, not the actual amount of compensation paid for performance during 2011. As a result of FHFA’s directive to freeze Semi-Monthly Base Salary and Target TDC at 2010 levels, the aggregate Target TDC for our Named Executive Officers is in the lowest quartile of total direct compensation paid to comparable positions at Comparator Group companies or, where applicable, in the alternative survey

sources. Information about the amounts actually paid during or with respect to performance during 2011 to these executives is set forth in Table 85.

**Table 77 — 2011 Semi-Monthly Base Salary, Deferred Base Salary, Target Opportunity, and Target TDC**

Named Executive Officer	Title	2011 Target TDC (Annualized)			
		Semi-Monthly Base Salary	Deferred Base Salary	Target Opportunity	Target TDC
Charles E. Haldeman, Jr. . . . .	CEO	\$900,000	\$3,100,000	\$2,000,000	\$6,000,000
Ross J. Kari . . . . .	EVP — CFO	675,000	1,658,333	1,166,667	3,500,000
Anthony N. Renzi . . . . .	EVP — Single-Family Business, Operations and Technology	500,000	1,333,333	916,667	2,750,000
Jerry Weiss . . . . .	EVP — Chief Administrative Officer	450,000	1,016,667	733,333	2,200,000
Paige H. Wisdom . . . . .	EVP — Chief Enterprise Risk Officer	425,000	741,667	583,333	1,750,000

(1) As discussed further in “Determination of Actual Target Opportunity,” Mr. Haldeman will not receive the Target Opportunity installments applicable to his performance during 2011.

*Determination of the Performance-Based Portion of 2011 Deferred Base Salary*

Over the course of 2011, the Compensation Committee received updates from management on our achievement against the performance objectives used to determine the funding level for the performance-based portion of Deferred Base Salary. In the fourth quarter of 2011, management presented the Compensation Committee with a final assessment against the performance objectives and concluded that we achieved most, but not all, of the performance objectives.

The table below presents the performance measures and management’s assessment of our achievement against those performance objectives.

**Table 78 — Achievement of Performance Measures for the Performance-Based Portion of Deferred Base Salary**

Performance Measure	Weighting	Key Factors Impacting Achievement Assessment
<p><b>Mission</b></p> <ul style="list-style-type: none"> <li>• Support loss mitigation and foreclosure prevention activities, including the Obama Administration’s Making Home Affordable Program, as measured by the number of completed modifications and workouts of 60-day delinquencies;</li> <li>• Provide a “satisfactory” Duty to Serve underserved markets and achieve an “in compliance” execution rating. Additionally, meet the 2011 affordable goals and subgoals (if feasible, as determined by FHFA); and</li> <li>• Provide market support through Single-Family cash and guarantee purchases</li> </ul>	30%	<ul style="list-style-type: none"> <li>• We completed over 109,000 HAMP and non-HAMP modifications, at the high end of the target range of 80,000 - 120,000. Additionally, we achieved the borrower outreach measure, which measures the number of workouts each month for 60-day delinquencies as a percent of the total 60-day delinquent population. We entered into workouts for 3.2% of such mortgages, above the high end of the target range of 2.5%-3.0%.</li> <li>• With respect to the 2011 affordable goals, based on preliminary information, we believe we met the single-family refinance low-income goal and both multifamily goals. We did not meet the FHFA benchmark level for single-family purchase-money goals or subgoals for 2011.</li> <li>• Single-family purchases as a percentage of agency volume were 28%, which was above plan (the target range was 23%-27%) due in part to increased refinance volumes during the low interest rate environment that existed throughout 2011. Our share of purchase volume tends to increase during periods when refinancing activity is high.</li> </ul>
<p><b>Financial and Risk</b></p> <p>Meet targets for:</p> <ul style="list-style-type: none"> <li>• Segment Earnings or Total Comprehensive Income;</li> <li>• Internal return on economic capital on all new purchases;</li> <li>• Underwriting quality on new single-family and multifamily purchases;</li> <li>• Volume of short sales and deeds-in lieu of foreclosure; and</li> <li>• Efficiency/administrative expenses</li> </ul>	30%	<ul style="list-style-type: none"> <li>• For the segment earnings objective: <ul style="list-style-type: none"> <li>– Single-Family: The loss of just under \$10.0 billion for 2011 was within the target range of losses of \$4 billion to \$10 billion due to higher than anticipated credit-related expenses</li> <li>– Multifamily: Segment earnings of \$1.3 billion were above the high end of the target range of \$0.6 billion to \$1.0 billion</li> <li>– Investments: Segment total comprehensive income of \$6.5 billion was below the target range of \$8 billion to \$10 billion due primarily to higher than forecast mark-to-market losses on derivatives and available-for-sale mortgage securities;</li> </ul> </li> <li>• For the internal return on economic capital on new purchase objective: <ul style="list-style-type: none"> <li>– Single-Family: The 17% internal return on economic capital exceeded the target range of 10%-14%</li> <li>– Multifamily: The 17% internal return on economic capital was within the target range of 16%-20%</li> <li>– Investments: Internal return on economic capital of 6% was below the target range of 10%-14% due to purchases made to improve PC performance;</li> </ul> </li> <li>• For the underwriting quality on new purchases: <ul style="list-style-type: none"> <li>– Single-Family: Performance against this objective is measured using the cumulative default rate for the worst quintile of new purchases, which was 1.45%, easily achieving the target of 5% or less.</li> <li>– Multifamily: The weighted average amortizing debt coverage ratio on the worst 10% of new multifamily purchases of 1.25x slightly exceeded the target range of 1.20x-1.23x.</li> </ul> </li> <li>• We completed over 46,000 short sales and deeds-in-lieu of foreclosure during 2011, within the target range of 35,000-50,000.</li> <li>• We met the objective of limiting 2011 administrative expenses - excluding costs associated with special policy and housing initiatives such as the Making Home Affordable program — to no more than \$1.4 billion. Administrative expenses measured on this basis totaled \$1.34 billion.</li> </ul>
<p><b>Business Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Maintain normal service and quality standards for existing technology and operations infrastructure;</li> <li>• Complete deployment of all planned business infrastructure enhancements; and</li> <li>• Complete all other planned information technology initiatives</li> </ul>	30%	<ul style="list-style-type: none"> <li>• Performance indicators used to monitor service and quality standards demonstrate that those standards were met throughout 2011.</li> <li>• All work was completed as planned for projects involving multifamily and finance transaction accounting. For single-family, many projects were completed as planned, but some were either canceled or were not completed during 2011. The high-cost, high-risk Single-Family Master Servicing projects were canceled to enable resources to address the Servicing Alignment Initiative.</li> <li>• Achieved milestones and/or completed all other planned information technology initiatives.</li> </ul>
<p><b>Accounting and Controls</b></p> <ul style="list-style-type: none"> <li>• Complete all planned controls remediation activities;</li> <li>• Execute the 2011 internal audit plan; and</li> <li>• Maintain effective controls over financial reporting (excluding the material weakness related to our disclosure controls and procedures)</li> </ul>	10%	<ul style="list-style-type: none"> <li>• Many planned remediation activities were completed. Indicators of the progress made during 2011 include remediation of all Significant Deficiencies targeted at the beginning of the performance year, and reliance being placed on the work of our Internal Audit organization by our Conservator and our external auditors.</li> <li>• Successfully completed 11 of the 12 objectives - including the three highest weighted objectives - in the annual internal audit plan.</li> <li>• See the discussion below for information about events that occurred subsequent to the initial assessments by management and the Compensation Committee.</li> </ul>

During its presentation of our achievement against the performance measures, management presented additional considerations that the Compensation Committee might want to take into account when determining an appropriate funding level. These additional considerations were:

- Implementation of a new governance process for technology projects that management believes will significantly improve the company's ability to deliver critical projects and also resulted in the cancellation or deferral of a significant number of previously planned projects;
- Execution of the Servicing Alignment Initiative, a significant new FHFA directive that aligns GSE loss mitigation requirements and is intended to bring more consistency to the servicing industry and help more distressed homeowners avoid foreclosure;
- Implementation of the Servicing Success Program, which seeks to improve the company's management of servicer performance through defined metrics, benchmarks, requirements, financial incentives, and compensatory fees;
- Favorable results from a June 2011 survey of Multifamily Production and Asset Management customers (the results of a similar survey of Single-Family customers were not available in time to be considered by the Compensation Committee);
- Unfavorable impact on the Investments Segment's internal return on economic capital of purchases made during 2011 to support the performance of Freddie Mac PCs;
- Delay in developing a corporate investigations policy and procedure;
- Deficiencies in the company's business continuity strategy in the event of a regional business disruption; and
- The adverse effects of significant turnover among the company's senior executives during 2011.

Management then proposed a funding range for the performance-based portion of the Deferred Base Salary that it believed reflected our performance against the goals, taking into account the additional considerations. After reviewing and discussing management's final assessment against the performance goals, the Compensation Committee then discussed the additional considerations and determined that these should also be evaluated in determining the appropriate funding level for the performance-based portion of Deferred Base Salary. The Compensation Committee then developed a preliminary recommended funding level for the performance-based portion of Deferred Base Salary, which was then submitted to FHFA for review.

After the Compensation Committee's submission of its initial recommendation to FHFA, FHFA advised the company that certain mortgages preliminarily included in the company's calculation are not eligible to be counted toward affordable housing goals compliance. Consequently, we failed to meet the FHFA benchmark level for the single-family affordable purchase-money goals and subgoals for 2011.

In addition, subsequent to management's assessment of our achievement against the performance measures and the Compensation Committee's submission of its initial recommendation to FHFA, management determined that we did not maintain effective internal control over financial reporting and identified one new material weakness related to information technology. See "CONTROLS AND PROCEDURES" above. The Compensation Committee assessed 2011 performance against this and other performance measures based on the best information available at the time of the assessment.

Following FHFA's review of our performance, it instructed the Compensation Committee to reduce its recommended funding level in light of the required revisions to the affordable housing goal counting process, and indicated the maximum funding level it would approve. In accordance with FHFA's instruction, the Compensation Committee, without concurring with FHFA's determination, directed management to proceed using a funding level for the performance-based portion of the Deferred Base Salary of 87%, the maximum funding level that FHFA indicated it would approve.

The following chart compares the target and actual amounts of 2011 Deferred Base Salary for each Named Executive Officer. The actual amount earned, which is based exclusively on corporate performance and for which there is no individual differentiation, is scheduled to be paid in equal quarterly installments on the last business day of each calendar quarter of 2012.



**Table 79 — 2011 Deferred Base Salary**

Named Executive Officer	Target 2011 Deferred Base Salary			Actual 2011 Deferred Base Salary		
	Fixed Portion	Performance-Based Portion	Total Target Deferred Base Salary	Fixed Portion	Performance-Based Portion	Total Actual Deferred Base Salary
Mr. Haldeman	\$1,550,000	\$1,550,000	\$3,100,000	\$1,550,000	\$1,348,500	\$2,898,500
Mr. Kari	829,167	829,166	1,658,333	829,167	721,375	1,550,542
Mr. Renzi	592,614	592,613	1,185,227	592,614	515,574	1,108,188
Mr. Weiss	508,334	508,333	1,016,667	508,334	442,249	950,583
Ms. Wisdom	370,834	370,833	741,667	370,834	322,624	693,458

In order to receive the Deferred Base Salary that was earned during 2011, the Covered Officer must be employed by us on the payment date, subject to certain exceptions. If a Covered Officer is involuntarily terminated, any unpaid Deferred Base Salary will be forfeited unless the Compensation Committee recommends that the Covered Officer receive either all or a portion of the unpaid Deferred Base Salary and the Compensation Committee’s recommendation is approved by FHFA after consulting with Treasury, as appropriate. Further, if a Covered Officer voluntarily terminates employment, any unpaid Deferred Base Salary will be forfeited.

*Determination of Actual Target Opportunity*

Over the course of 2011, the Compensation Committee received updates from management on our achievement against the performance objectives used to determine the funding level for the two TO installments. In the fourth quarter of 2011, management presented the Compensation Committee with a final assessment against the performance objectives used in determining the funding level for the two installments for which payment is based on performance during 2011.

For the first installment of the 2011 TO, management concluded that we would achieve most, but not all of the performance objectives. The table below presents the performance measures and management’s assessment of our achievement against those performance measures for the first installment of the 2011 TO.

**Table 80 — Achievement of Performance Measures for First Installment of 2011 Target Opportunity**

Performance Measure	Weighting	Key Factors Impacting Achievement Assessment
<b>Business Infrastructure</b> • Transition greater than 95% of customers from legacy mortgage delivery and servicing systems; and, • Achieve the 2011 goals associated with remediation of the identified deficiencies in the company’s information technology infrastructure.	40%	• 100% of customers were transitioned from the legacy servicing system two months prior to the year-end deadline. All customers also ended their use of the legacy mortgage delivery system during 2011; and, • All 2011 information technology infrastructure goals were achieved by year-end.
<b>Financial Execution</b> Conserve capital by limiting the 2011 draw from Treasury to no more than \$8 billion.	40%	The 2011 draw request from Treasury was \$7.6 billion, at the high end of the target range of \$0 to \$8 billion.
<b>Mission</b> Same as for the performance-based element of Deferred Base Salary.	20%	Same as for the performance-based element of Deferred Base Salary.

During its presentation of our achievement against the performance measures, management presented two additional considerations for the Compensation Committee to take into account when determining an appropriate funding level. These additional considerations were:

- The cancellation of certain key business infrastructure projects resulting from the implementation of the new governance process for technology projects; and
- Execution of the Servicing Alignment Initiative.

Management then proposed a funding range for the first installment of the 2011 TO that it believed reflected our performance, taking into account the additional considerations.

After reviewing and discussing management’s final performance assessment against the specific performance goals, the Compensation Committee concurred with management’s assessment. The Compensation Committee then discussed the

additional considerations and determined that these should also be included in determining the appropriate funding level for the first installment of the 2011 TO. The Compensation Committee then developed a preliminary recommended funding level for the 2011 TO first installment, which was then submitted to FHFA for review.

Following FHFA’s review of our achievement against the performance objectives, it instructed the Compensation Committee to substantially reduce its recommended funding level in light of the following:

- The 2011 draw from Treasury was at the high end of the target range established at the beginning of the year; and
- As discussed above, required revisions in the affordable housing goal counting process, of which the company received notice after management’s assessment and the Compensation Committee’s original recommendation, resulted in our failure to meet the FHFA benchmark level for the single-family affordable purchase-money goals or subgoals for 2011.

FHFA informed the Compensation Committee of the maximum funding level that it would approve. In accordance with FHFA’s instruction, the Compensation Committee, without concurring, directed management to implement a funding level for the 2011 TO first installment of 79%, the maximum funding level that FHFA indicated it would approve.

For the second installment of the 2010 TO, management concluded that we would achieve most, but not all, of the performance objectives. The table below presents the performance measures and management’s assessment of our achievement against those performance measures for the second installment of the 2010 TO.

**Table 81 — Achievement of Performance Measures for Second Installment of 2010 Target Opportunity**

<b>Performance Measure</b>	<b>Weighting</b>	<b>Key Factors Impacting Achievement Assessment</b>
<b>Mission</b> Same as for performance-based element of Deferred Base Salary.	35%	Same as for the performance-based element of Deferred Base Salary.
<b>Controls Remediation</b> Strengthen the control environment, taking into consideration progress in remediating Significant Deficiencies, Material Weaknesses, Internal Audit critical and major issues and FHFA Matters Requiring Attention scheduled to be remediated during 2011.	20%	Many planned remediation activities were completed. Indicators of the progress made during 2011 include remediation of all Significant Deficiencies targeted at the beginning of the performance year, and reliance being placed on the work of our internal audit organization by the Conservator and our external auditors. There also were fewer repeat controls findings.
<b>Financial Execution</b> Same as for the new purchase financial execution objective applicable to the performance-based element of Deferred Base Salary and the Conserve Capital objective applicable to the first installment of the 2011 TO.	20%	Same as for the new purchase financial execution objective applicable to the performance-based element of Deferred Base Salary and the Conserve Capital objective applicable to the first installment of the 2011 TO.
<b>Business Infrastructure</b> <ul style="list-style-type: none"> <li>• Complete the 2011 elements of the business infrastructure plan developed in 2010; and,</li> <li>• Maintain normal service and quality standards for existing technology and operations infrastructure.</li> </ul>	25%	<ul style="list-style-type: none"> <li>• All work was completed as planned for projects involving multifamily and finance transaction accounting. For single-family, many projects were completed as planned, but some were either cancelled or were not completed during 2011. The high-cost, high-risk Single-Family Master Servicing projects were canceled to enable resources to address the Servicing Alignment Initiative; and,</li> <li>• Performance indicators used to monitor service and quality standards demonstrate that those standards were met throughout 2011.</li> </ul>

Management presented the same two additional considerations applicable to the first installment of the 2011 TO for the Compensation Committee’s consideration when determining an appropriate funding level.

Management then proposed a funding range for the second installment of the 2010 TO that it believed reflected our performance, taking into account the additional considerations.

After reviewing and discussing management’s final performance assessment against the specified performance measures, the Compensation Committee concurred with management’s assessment. The Compensation Committee then

discussed the additional considerations and determined that these should also be included in determining the appropriate funding level for the second installment of the 2010 TO. The Compensation Committee then developed a preliminary recommended funding level for the second installment of the 2010 TO, which was then submitted to FHFA for review.

Following FHFA’s review of our performance, it instructed the Compensation Committee to reduce its recommended funding level in light of revisions to the affordable housing goal counting process discussed above and informed the Compensation Committee of the maximum funding level that it would approve. In accordance with FHFA’s instruction, the Compensation Committee, without concurring with FHFA’s determination, directed management to proceed using a funding level for the 2010 TO second installment of 84%, the maximum level that FHFA indicated it would approve.

For both TO installments, a portion of the available funds has been allocated to provide a cash award to approximately 500 employees in either administrative or professional staff roles who do not participate in our annual short-term incentive program. This decision was made to recognize the contributions of these employees who provide valuable core services to the company. In addition, these employees are generally in lower-paid roles with limited advancement opportunities and are thus more adversely impacted by FHFA’s continuation of the directive to freeze salaries and wage rates at 2010 levels. This allocation reduced the funding level available for distribution for the first 2011 TO installment and the second 2010 TO installment to approximately 78% and 83%, respectively.

For both the second 2010 and first 2011 TO installments, the Compensation Committee concurred with the CEO’s recommendations regarding how the remaining available TO funds should be allocated among the Covered Officers under the Executive Compensation Program, including the Named Executive Officers other than himself. The recommended allocation was made after considering the factors listed below.

- Each officer’s performance against his/her individual 2011 performance objectives in terms of both business results and leadership effectiveness;
- The relative contributions of each officer in relation to the contributions of the other officers;
- Each of the Named Executive Officers either achieved or exceeded his/her 2011 individual performance objectives. The relatively narrow spread of the individual differentiation between the largest and smallest TO awards (expressed as a percentage of each Named Executive Officer’s target) supports our continued emphasis of the need for highly coordinated, cross-functional collaboration; and
- The entire senior officer team accomplished a great deal in an extraordinarily difficult operating environment during 2011 and these accomplishments are especially significant considering the number of senior management departures during the year.

Mr. Haldeman informed the Compensation Committee that the company’s best interests would be served if he was not a participant in the February 2012 TO allocation process, which would result in him not receiving payment of either TO installment. While the Committee felt that Mr. Haldeman’s performance during 2011 merited payment of the TO installments, it also accepted his request that it should exclude him from the TO allocation process. After considering these and other factors, the Compensation Committee determined that Mr. Haldeman should not receive either TO installment. Mr. Haldeman will forfeit the remaining 2011 TO installment and any 2011 earned but unpaid Deferred Base Salary upon his planned departure from the company later this year.

The following chart summarizes the TO applicable to performance during 2011 for each of the Named Executive Officers and the amount that was approved by the Compensation Committee and FHFA and paid on February 16, 2012.

**Table 82 — 2011 Target Opportunity**

Named Executive Officer	2011 First Installment		2010 Second Installment	
	Target	Actual	Target	Actual
Mr. Haldeman	\$1,000,000	\$ —	\$1,000,000	\$ —
Mr. Kari	583,334	480,125	583,333	508,646
Mr. Renzi	414,773	308,416	176,136	138,807
Mr. Weiss	366,667	316,367	329,166	302,365
Ms. Wisdom	291,667	251,656	253,181	232,567

The 2010 second installment amount for Mr. Renzi reflects a pro-ration of his annual TO based on his date of hire in 2010.

*2011 Target TDC Compared to 2011 Actual TDC*

The following table shows 2011 Target TDC compared to the approved 2011 actual TDC for each of the Named Executive Officers. The amounts displayed in both the “Total Target” and “Total Actual” columns include the sum of

Semi- Monthly Base Salary, Deferred Base Salary and those amounts associated with the first installment of the 2011 TO and the second installment of the 2010 TO.

**Table 83 — 2011 Target TDC Compared to the Approved 2011 Actual TDC**

Named Executive Officer	2011 Semi-Monthly Base Salary	2011 Deferred Base Salary		Target Opportunity (2011 1st Installment and 2010 2nd Installment)		Total <sup>(1)</sup>	
		Target	Actual	Target	Actual	Target	Actual
Mr. Haldeman . . . . .	\$900,000	\$3,100,000	\$2,898,500 <sup>(2)</sup>	\$2,000,000	\$ —	\$6,000,000	\$3,798,500
Mr. Kari . . . . .	675,000	1,658,333	1,550,542	1,166,667	988,771	3,500,000	3,214,313
Mr. Renzi . . . . .	473,864	1,185,227	1,108,188	590,909	447,223	2,250,000	2,029,275
Mr. Weiss . . . . .	450,000	1,016,667	950,583	695,833	618,732	2,162,500	2,019,315
Ms. Wisdom . . . . .	425,000	741,667	693,458	544,848	484,223	1,711,515	1,602,681

(1) The table does not include the second installment of each Named Executive Officer’s 2011 TO that is scheduled to be paid in March 2013.

(2) Mr. Haldeman will forfeit any earned but unpaid Deferred Base Salary when he leaves the company.

**Named Executive Officer Individual Performance Objectives**

Each Named Executive Officer is a member of the Management Committee, a group of our senior-most officers. In addition to shared corporate objectives, each Named Executive Officer also had individual performance objectives which are generally established at the beginning of the year by Mr. Haldeman or, in the case of Mr. Haldeman, the Board. The chart below describes those individual performance objectives, as well as the level of achievement against those objectives. Certain of the individual performance objectives were either corporate performance objectives or supported achievement of one or more of the corporate performance objectives. Achievement against the corporate performance objectives is discussed above in “Determination of the Performance-Based Portion of Deferred Base Salary” and “Determination of Actual Target Opportunity.” The level of achievement against each Named Executive Officer’s individual performance objectives is evaluated using two considerations — business results and leadership effectiveness — which are given equal weight.

**Table 84 — Named Executive Officer Individual Performance Summaries**

Individual Performance Measures	Assessment of Performance
<p><i>Mr. Haldeman:</i></p> <ul style="list-style-type: none"> <li>• Lead the execution of objectives included in the corporate scorecard;</li> <li>• Assist the Conservator’s consideration of alternatives for the future of the U.S. housing and mortgage markets;</li> <li>• Strengthen critical talent management processes, including development of the senior leadership team and completion of initiatives designed to increase employee engagement; and,</li> <li>• Foster a risk management culture throughout the company, including providing visible support for risk management</li> </ul>	<p>During 2011, Mr. Haldeman continued to build strong and collaborative relationships, both within the company and with our Conservator. His leadership style has supported achievement of our business objectives as well as our Conservator’s efforts to assess alternative future structures for the housing finance system. Under Mr. Haldeman’s leadership during 2011, the company achieved most, but not all, of the corporate scorecard objectives. The company strengthened the talent management process by initiating a best-in-class leadership development program for all mid- and senior-level leaders, focusing the company on developing stronger leaders at multiple levels. Mr. Haldeman has continued to strengthen the risk management function by supporting a strategy to elevate the risk management processes and by fostering a risk-aware culture where every employee is a risk manager.</p>
<p><i>Mr. Kari:</i></p> <ul style="list-style-type: none"> <li>• Maintain effective internal controls over financial reporting and complete the remediation of five separate significant deficiencies;</li> <li>• Improve the readability and quality of public disclosures and earnings releases;</li> <li>• Complete all finance-related business infrastructure deliverables included in the 2011 corporate scorecard;</li> <li>• Identify and implement process improvements to make company processes more efficient and manage administrative expenses to achieve G&amp;A expense targets; and,</li> <li>• Improve engagement of finance division employees, with a specific focus on the division’s leadership team.</li> </ul>	<p>Mr. Kari was a stabilizing leadership presence for employees in his division as well as his fellow Management Committee members during what was an especially challenging year at the company. He displays an openness for tackling difficult issues and consistently strives to improve support and partnership with the business units. Under his leadership during 2011, business results for the finance organization were above plan and included enhancements to the readability and quality of the company’s financial disclosures, and completing all of the finance-related business infrastructure deliverables not dependent on projects cancelled or delayed as part of implementing the new technology governance model. He also implemented improvements to internal processes, and eliminated redundancies that reduced expenses. Accounting efficiency continues to improve and the close and reporting processes have been streamlined. He demonstrated leadership capabilities by fostering an environment that values teamwork and collaboration over individual accomplishment and by implementing initiatives designed to improve employee engagement. While certain controls over financial reporting were strengthened during the year as a result of the remediation of several significant deficiencies, the company identified one new material weakness as of December 31, 2011.</p>
<p><i>Mr. Renzi:</i></p> <p>Mr. Renzi was promoted to lead the single-family business, operations and technology functions in April 2011. Accordingly, individual performance objectives for his new role were not established for him prior to the beginning of the year. In addition to his ongoing responsibilities associated with the sourcing and servicing of our single-family loan portfolio and management of our information technology operations and infrastructure, his areas of focus during 2011 included:</p> <ul style="list-style-type: none"> <li>• Making organizational changes to enable us to become an industry-leading operation;</li> <li>• Transforming our information technology organization, including implementing a process to more effectively manage maintenance of and enhancements to our technology infrastructure;</li> <li>• Improving servicer performance management and loss mitigation activities;</li> <li>• Effectively utilizing foreclosure alternatives to minimize losses on delinquent mortgages;</li> <li>• Reducing REO vendor concentration risk; and</li> <li>• Establishing a clear operating business plan that guides the business over the course of the next one to three years.</li> </ul>	<p>Mr. Renzi assumed a broadened role beginning in April 2011, which included being responsible for the single-family business, operations and technology organization. He assumed this role just as the FHFA-directed Servicing Alignment Initiative began. His leadership skill, mortgage finance industry expertise and focus on execution enabled him to drive the implementation of the policy and process changes related to that FHFA initiative. He has established a positive and motivating leadership presence within his new organization that has facilitated significant progress in the company’s production sourcing and loss mitigation efforts. Upon assuming his current role, Mr. Renzi also identified critical changes needed to better support our mission. This led to, among other things, a reorganization of our largest division that has resulted in the realignment of groups previously spread across multiple organizations to improve business execution, better meet the needs of our customers and establish a clear operating business plan to help guide our business through the next 12 to 36 months. Under Mr. Renzi’s leadership, a new servicing scorecard was developed to monitor servicer performance and a new framework for managing servicer performance was developed and implemented, both of which were instrumental in developing the Servicing Alignment Initiative. He also led the development of a new technology governance model, under which information technology was centralized and a new structure was established to identify, prioritize and develop critical information technology solutions to meet evolving business needs. He worked to reduce vendor concentration risk by adding two new REO sales vendors to improve marketing efforts, enhance pricing precision, reduce inventory cycle times and, in turn, loss severity levels.</p>
<p><i>Mr. Weiss:</i></p> <ul style="list-style-type: none"> <li>• Develop a cohesive and efficient Chief Administrative Officer team that serves as a resource to both internal and external stakeholders on a variety of operational and policy issues;</li> <li>• Integrate the Models division and enhance model governance;</li> <li>• Oversee servicer compliance with the provisions of the Administration’s Home Affordable Modification Program (HAMP);</li> <li>• Make human resources processes more efficient and reduce costs where appropriate;</li> <li>• Enhance talent development by launching a leadership development program for mid- and senior-level leaders; and</li> <li>• Serve as a key liaison to FHFA.</li> </ul>	<p>Mr. Weiss’s knowledge of the company, leadership skills and ability to manage multiple business initiatives led to a further increase in the scope of his responsibilities in 2011. He added the financial modeling organization to the other functions he leads, which now include MHA-C; human resources; external relations; government and industry relations; and corporate strategy and mission. Under his leadership during 2011, the strategy, public policy, government relations and communications teams worked together effectively to provide expertise, information and data to management, the Board and other parties on a variety of policy and procedural issues. Under Mr. Weiss’ leadership, model governance, development, documentation, performance monitoring and prioritization have become more robust. He also successfully led the team responsible for overseeing servicers’ compliance with the requirements of HAMP, as a financial agent of the U.S. Treasury. With respect to human resources matters, the company achieved significant business results, including implementing major changes to our employee benefits programs that will significantly reduce the future cost of those programs while still providing market-competitive benefits to employees, accelerating the compensation planning process to create efficiencies, and establishing a leadership development program for all mid- and senior-level leaders. Throughout the year, Mr. Weiss successfully guided the company’s relationship with FHFA during a very challenging period. He served as both a liaison on a variety of sensitive matters that pertain to our unique current operating environment and a reliable resource on GSE policy and future state issues.</p>
<p><i>Ms. Wisdom:</i></p> <ul style="list-style-type: none"> <li>• Strengthen the company’s risk management capabilities;</li> <li>• Lead the rebuilding of the corporate model oversight process and related model governance capabilities;</li> <li>• Implement an enhanced new business initiative process; and,</li> <li>• Improve engagement of enterprise risk management division employees, with a specific focus on the division’s leadership team.</li> </ul>	<p>During 2011, Ms. Wisdom successfully led the enterprise risk function during a period of great change and has taken steps to significantly strengthen the function. She provides strong leadership and has proven capable at driving change across the organization while establishing collaborative relationships with key stakeholders. During 2011, she strengthened our risk management governance by simplifying and streamlining oversight and decision-making. As part of this effort, she integrated the credit risk management function into the enterprise risk management organization, establishing a unified risk management function. As a result, alignment with business units across the company was substantially improved, and the company’s credit risk oversight was strengthened. Ms. Wisdom also successfully led an effort to rebuild the corporate model process and related governance, a cross-divisional effort involving stakeholders throughout the company. She redesigned and implemented a new governance structure associated with the execution of corporate new business initiatives that engages executive management earlier in the process, provides consistent communication, delivers comprehensive enterprise-wide risk assessments, and provides increased transparency. From an employee engagement perspective, she has provided numerous leadership and skills development opportunities for all levels of staff in her division and has increased her visibility — and thus the visibility of the risk management function — both internally and externally.</p>

**Written Agreements Relating to Employment of CEO and CFO**

We have entered into: (a) a Memorandum Agreement; and (b) a recapture agreement with each of Messrs. Haldeman and Kari in connection with their employment as our executive officers. Copies of the Memorandum Agreement and the recapture agreement regarding Messrs. Haldeman and Kari were filed as Exhibits 10.1 and 10.2, respectively, to our Current Reports on Form 8-K filed on July 21 and September 24, 2009 with respect to each executive’s employment with us.

The compensation provisions of each executive's Memorandum Agreement, in combination with provisions of the Executive Compensation Program, are summarized separately below. Additional information about the components of executive compensation is discussed above in "— Elements of Compensation and Total Direct Compensation."

Mr. Haldeman's compensation, as provided in his Memorandum Agreement, is as follows:

- A Semi-Monthly Base Salary of \$900,000 per year;
- Deferred Base Salary in the amount of \$3.1 million for each of 2009 and 2010, payable as described above; and
- A Target Opportunity in the amount of \$2.0 million for each of 2009 and 2010, payable as described above.

Mr. Kari's compensation, as provided in his Memorandum Agreement, is as follows:

- A Semi-Monthly Base Salary of no less than \$675,000 per year;
- Deferred Base Salary of \$1,658,333 for each of 2009 and 2010, payable as described above;
- A Target Opportunity of \$1,166,667 for each of 2009 and 2010, payable as described above; and
- A cash sign-on award of \$1,950,000 in recognition of the annual incentive opportunity and unvested equity that Mr. Kari forfeited by leaving his previous employer. This award was paid in installments during Mr. Kari's first year of employment with us.

Their Memorandum Agreements provide that Messrs. Haldeman and Kari will receive the following additional forms of compensation during their employment with us:

- The opportunity to participate in all employee benefit plans offered to our senior executive officers, including our SERP, pursuant to the terms of these plans. For a description of these plans see "Compensation Tables" below; and
- If we terminate the employment of Mr. Haldeman or Mr. Kari for any reason other than cause (as defined in the Memorandum Agreement), he will be eligible to receive termination benefits pursuant to the terms of any then-applicable severance plan or policy, subject to the approval of FHFA. Executive Compensation Program participants, including Messrs. Haldeman and Kari, are not currently entitled to a guaranteed level of severance benefits upon any type of termination event other than death or disability. For additional information on compensation and benefits payable in the event of a termination of employment, see "Potential Payments Upon Termination of Employment or Change-in-Control" below.

We have also entered into recapture and restrictive covenant agreements with each of the executives. The recapture requirements included in these agreements, and the similar recapture requirements applicable to all other Covered Officers under the Recapture Policy, are described below under "Recapture Policy." The non-competition and non-solicitation provisions included in the restrictive covenant agreement are described in "Potential Payments Upon Termination of Employment or Change-in-Control."

We have also entered into indemnification agreements with certain of our current directors and executive officers, each, an indemnitee, including Messrs. Haldeman and Kari. With respect to indemnification agreements entered into with executive officers in or after August 2011, the form of agreement has been revised to provide that indemnification rights under the agreement would terminate if and when the executive officer remained with Freddie Mac after ceasing to report directly to the CEO with respect to any claims arising from matters occurring after the officer was no longer a direct CEO report. Similar indemnification rights would continue to be available to such executive officers under the Bylaws going forward.

The indemnification agreements provide that we will indemnify the indemnitee to the fullest extent permitted by our Bylaws and Virginia law. This obligation includes, subject to certain terms and conditions, indemnification against all liabilities and expenses (including attorneys' fees) actually and reasonably incurred by the indemnitee in connection with any threatened or pending action, suit or proceeding, except such liabilities and expenses as are incurred because of the indemnitee's willful misconduct or knowing violation of criminal law. The indemnification agreements provide that if requested by the indemnitee, we will advance expenses, subject to repayment by the indemnitee of any funds advanced if it is ultimately determined that the indemnitee is not entitled to indemnification. The rights to indemnification under the indemnification agreements are not exclusive of any other right the indemnitee may have under any statute, agreement or otherwise. Our obligations under the indemnification agreements will continue after the indemnitee is no longer a director or officer of the company with respect to any possible claims based on the fact that the indemnitee was a director or officer, and the indemnification agreements will remain in effect in the event the conservatorship is terminated. The indemnification agreements also provide that indemnification for actions instituted by FHFA will be governed by the standards set forth in FHFA's Notice of Proposed Rulemaking published in the Federal Register on November 14, 2008,

proposing an amendment to FHFA's interim final golden parachute payments regulation to address prohibited and permissible indemnification payments. In January 2009, FHFA issued final regulations relating to golden parachute payments. Under those final regulations, FHFA may limit golden parachute payments, and the regulations set forth factors to be considered by the Director of FHFA in acting upon his authority to limit these payments. A proposed rule was published by FHFA in June 2009 that has not yet been adopted in final form. In general, this proposal would give FHFA the authority to prohibit indemnification payments in cases involving administrative proceedings before FHFA or civil actions initiated by FHFA.

## **Other Executive Compensation Considerations**

### ***Perquisites***

We believe that perquisites should be a minimal part of the compensation package for our Named Executive Officers. We provide certain perquisites because we believe there is a business-related benefit, including that the perquisites assist in attracting and retaining executive talent. None of the perquisites offered provide for a gross-up to cover the taxes due on the perquisite itself. Accordingly, the only perquisite provided to the Named Executive Officers during 2011 was reimbursement for assistance with personal financial planning, tax planning, and/or estate planning, up to an annual maximum benefit that varies by position.

Although available, none of the Named Executive Officers received the following perquisites during 2011:

- *Physical Examination.* Reimbursement of up to \$700 of expenses associated with a comprehensive annual physical exam that are not otherwise covered by the Named Executive Officer's medical insurance;
- *Relocation Benefits.* Under our relocation program, we provide assistance in finding and moving into a new home and selling an existing home, temporary lodging, reimbursement of certain travel expenses, and a one-time payment to cover miscellaneous expenses; and,
- *Spousal Travel Expenses.* Reimbursement of business-related spousal travel expenses.

Additionally, total annual perquisites for any Named Executive Officer cannot exceed \$25,000 without FHFA approval.

### ***Supplemental Executive Retirement Plan***

Our Named Executive Officers are eligible to participate in our Supplemental Executive Retirement Plan, or SERP. The SERP is designed to provide participants with the full amount of benefits to which they would have been entitled under our Pension Plan and Thrift/401(k) Savings Plan if those plans: (a) were not subject to certain limits on compensation that can be taken into account under the Internal Revenue Code; and (b) did not exclude from "compensation" amounts deferred under our Executive Deferred Compensation Plan and the Mandatory Executive Deferred Base Salary Plan.

On June 27, 2011, the SERP was amended, with the approval of FHFA. Under this amendment, which became effective January 1, 2012, eligibility for the "Pension SERP Benefit" (as defined in the SERP) will be limited, and Executives (as defined in the SERP) whose employment with the company commences after December 31, 2011 (or who are rehired after that date) will not be eligible for the Pension SERP Benefit. However, non-Executives employed as of December 31, 2011 who are subsequently promoted to Executive positions will be eligible for the Pension SERP Benefit. The 2011 amendment also revises the "Thrift/401(k) SERP Benefit" (as defined in the SERP). A copy of this amendment, which provides additional information about the changes made to the Thrift/401(k) SERP Benefit, was filed as Exhibit 10.1 to our current report on Form 8-K filed on June 28, 2011.

We provide a SERP because it helps us to remain competitive with the companies with which we compete for talent and thereby assists in attracting and retaining executive talent. For additional information regarding this benefit see "Compensation Tables" below.

### ***Recapture Policy***

The Recapture Policy provides that certain compensation paid under the Executive Compensation Program will be subject to recapture if any of the following events occur subsequent to the date that the Named Executive Officer agreed to the terms of the Recapture Policy.

- *Payment Based on Materially Inaccurate Information* — If the Named Executive Officer obtains a bonus or incentive payment based on materially inaccurate financial statements or performance metrics.

- *Termination for Cause* — If the Named Executive Officer’s employment is terminated for cause, as defined in the Recapture Policy.
- *Subsequent Determination of Cause* — If, within two years of the termination of the Named Executive Officer’s employment, the Board makes a determination in good faith that circumstances existed at the time of the Named Executive Officer’s termination that would have justified a termination for cause and that actions taken by the Named Executive Officer resulted in material business or reputational harm to us.

The additional event listed below is applicable only to Messrs. Haldeman and Kari.

- *Accounting Restatement Resulting from the Executive’s Misconduct* — If misconduct by the CEO and/or the CFO necessitates the preparation of an accounting restatement due to material non-compliance with financial reporting requirements.

If any of these triggering events occur, the Board will determine whether more compensation was paid to the Named Executive Officer than would otherwise have been paid had we been aware of the triggering event or events at the time the compensation was paid or awarded. If a determination is made that we paid or awarded a Named Executive Officer more compensation than he or she otherwise would have received, the following elements of compensation will be subject to recapture: (a) Deferred Base Salary; (b) Target Opportunity; (c) any equity awards that vest after the adoption of the Executive Compensation Program; and (d) any termination benefits paid. Only compensation paid up to two years prior to the triggering event or the date of termination or compensation paid at the time of termination, as applicable, will be subject to recapture. Additionally, the occurrence of a triggering event may result in cancellation of any future payment obligations and/or any outstanding equity awards.

The amount of compensation recaptured will be determined by the Board, subject to the guidelines described above. Additional details are included in the Recapture Policy, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed on December 31, 2009. For the triggering event applicable only to Messrs. Haldeman and Kari, the compensation subject to recapture will be determined in accordance with Section 304 of the Sarbanes-Oxley Act.

### ***Stock Ownership and Hedging Policies***

In November 2008, FHFA approved the suspension of our stock ownership guidelines because we had ceased paying our executives stock-based compensation. Also, the Purchase Agreement prohibits us from issuing any shares of our equity securities without the prior written consent of Treasury. The suspension of stock ownership requirements is expected to continue through the conservatorship and until we resume granting stock-based compensation.

All employees, including our Named Executive Officers, are prohibited from purchasing and selling derivative securities related to our equity securities, including warrants, puts and calls, or from dealing in any derivative securities other than pursuant to our stock-based benefit plans. All directors and employees (including the Named Executive Officers) are prohibited from transacting in options (other than options granted by us) or other hedging instruments as specified in our Insider Trading Policy. In addition, all directors and employees (including our Named Executive Officers) are prohibited from holding our securities in a margin account or pledging our securities as collateral for a loan.

### ***Section 162(m) Limits on the Tax Deductibility of Our Compensation Expenses***

Section 162(m) of the Internal Revenue Code imposes a \$1 million limit on the amount that a company may annually deduct for compensation to its CEO and certain other Named Executive Officers, unless, among other things, the compensation is “performance-based,” as defined in section 162(m). Given the conservatorship and the desire to maintain flexibility to promote our corporate goals, the performance-based element of Deferred Base Salary and the Target Opportunity applicable to performance during 2011 are not structured to qualify as performance-based compensation under section 162(m).

### **Compensation Committee Interlocks and Insider Participation**

None of the members of the Board of Directors who served on the Compensation Committee during fiscal year 2011 were our officers or employees or had any relationship with us that would be required to be disclosed by us under Item 407(e)(4) of Regulation S-K.

### **Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussion, has recommended to the Board that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.



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

Anthony A. Williams, Chairman  
Linda B. Bammann  
Christopher S. Lynch  
Clayton S. Rose

## Compensation and Risk

With respect to 2011, our management conducted an assessment of our compensation plans and programs that were in place during the year and that were applicable to employees at all levels, including the Executive Compensation Program in which our executives participate. The purpose of the assessment was to determine whether the design and operation of our compensation plans create incentives for employees to take inappropriate risks that are reasonably likely to have a material adverse effect on us. The assessment was conducted by members of our enterprise risk management and human resources teams, as well as by Aon Hewitt, management's compensation consultant.

The review included an evaluation of the mix of fixed and variable compensation; eligibility for participation in incentive programs, the process by which target compensation levels are established, the process for establishing performance objectives and for evaluating performance against those objectives, the methodology used to allocate the incentive funding among divisions, departments, and individual employees (including maximum individual payout levels); and the involvement of the Compensation Committee and FHFA in the compensation process. An evaluation was also made of the linkage between corporate and divisional performance objectives.

The assessment was discussed with the Compensation Committee in February 2012. Management's conclusion, with which the Compensation Committee concurred, is that our compensation policies and practices applicable during 2011 do not create risks that are reasonably likely to have a material adverse effect on us.

In March 2012, FHFA adopted a new Executive Compensation Program effective January 1, 2012. Management does not believe that this program will create inappropriate risk-taking incentives for employees. However, the Compensation Committee and management are concerned that this program may have an adverse effect on the company in future periods. Significant adverse changes in compensation levels could result in increased vacancies in positions that are important for our sound operation, since the incumbents in these positions possess significant business and leadership skills that are in demand elsewhere in the market at substantially higher levels of compensation. Resulting loss of talent and institutional knowledge would cause an appreciable increase in the operational risk of the company. See "EXECUTIVE COMPENSATION — Executive Summary" and "RISK FACTORS— *The conservatorship and uncertainty concerning our future has had, and will likely continue to have, an adverse effect on the retention, recruitment, and engagement of management and other employees, which could have a material adverse effect on our ability to operate our business.*" We are finding it difficult to retain and engage critical employees and attract people with the skills and experience we need. Voluntary attrition rates for high performing employees, those with specialized skill sets, and those responsible for controls over financial reporting have risen markedly since we were placed into conservatorship. This has led to concerns about staffing inadequacies, management depth, and employee engagement. Attracting qualified senior executives is particularly difficult.

## Compensation Tables

The following tables set forth compensation information for our Named Executive Officers: our Chief Executive Officer, our Chief Financial Officer, and our three other most highly compensated executive officers who were serving as executive officers as of December 31, 2011.

**Table 85 — Summary Compensation Table — 2011**

	Year	Salary		Bonus <sup>(3)</sup>	Non-Equity Incentive Plan Compensation <sup>(4)</sup>		Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(5)</sup>	All Other Compensation <sup>(6)</sup>	Total
		Paid During Year <sup>(1)</sup>	Deferred <sup>(2)</sup>		Performance-Based Deferred Base Salary	Target Opportunity			
<b>Charles E. Haldeman, Jr.</b> Chief Executive Officer	2011	\$900,000	\$1,550,000	\$ —	\$1,348,500	\$ —	\$239,255	\$ 72,915	\$4,110,670
	2010	900,000	1,550,000	—	1,362,450	1,322,250	214,460	104,374	5,453,534
	2009	356,250	1,227,083	—	—	395,833	—	56,489	2,035,655
<b>Ross J. Kari</b> EVP — Chief Financial Officer	2011	675,000	829,167	—	721,375	988,771	118,428	55,292	3,388,033
	2010	675,000	829,167	1,462,500	728,838	676,133	69,742	391,276	4,832,656
	2009	151,010	370,999	487,500	—	130,502	—	69,290	1,209,301
<b>Anthony N. Renzi</b> EVP — Single-Family Business, Operations and Technology	2011	473,864	592,614	—	515,574	447,223	86,379	32,993	2,148,647
<b>Jerry Weiss</b> EVP — Chief Administrative Officer	2011	450,000	508,334	—	442,249	618,732	164,482	73,735	2,257,532
<b>Paige H. Wisdom</b> EVP — Chief Enterprise Risk Officer	2011	425,000	370,834	—	322,624	484,223	102,074	48,129	1,752,884

(1) The amounts shown represent Semi-Monthly Base Salary under the Executive Compensation Program as described in “Compensation Discussion and Analysis — Executive Management Compensation Program.”

(2) The amounts shown represent the fixed portion of Deferred Base Salary earned during each calendar quarter in 2011 will be paid in cash on the last business day of the corresponding quarter in 2012, provided the Named Executive Officer is employed by us on such payment date or in the event such officer dies, retires or has a long-term disability in 2012. The remaining portion of the 2011 Deferred Base Salary is reported in “Non-Equity Incentive Plan Compensation” because it is performance-based and the amount that is paid is variable.

Amounts shown as 2010 and 2009 Deferred Base Salary were earned during each calendar quarter in 2010 and 2009, respectively, and paid in cash on the last business day of the corresponding quarter in 2011 and 2010, respectively. The 2009 amount reported in this column for Mr. Haldeman has been revised to correct an error in the amount previously reported (\$1,277,083).

(3) The amounts shown for Mr. Kari represent the portion of the cash sign-on bonus paid in 2010 and 2009, which he received in recognition of the forfeited annual incentive opportunity and unvested equity at his previous employer. See “Compensation Discussion and Analysis — Written Agreements Relating to Employment of CEO and CFO.”

(4) The 2011 amounts reported reflect the portion of the 2011 and 2010 Target Opportunities that were earned for 2011 and paid on February 16, 2012 and the performance-based portion of the 2011 Deferred Base Salary earned during each calendar quarter in 2011, which is scheduled to be paid on the last business day of the corresponding quarter in 2012. See “Compensation Discussion and Analysis — Executive Management Compensation Program — Performance Measures for the Performance-Based Elements of Compensation.”

As discussed further in “Compensation Discussion and Analysis — Determination of Actual Target Opportunity,” Mr. Haldeman will not receive the TO installments applicable to his performance during 2011.

The 2010 amounts reported reflect the portion of the 2010 and 2009 Target Opportunities that were earned for 2010 and paid on February 18, 2011 and the performance-based portion of the 2010 Deferred Base Salary earned during each calendar quarter in 2010 and paid on the last business day of the corresponding quarter in 2011.

The 2009 amounts reported reflect the portion of the 2009 Target Opportunity that was earned for 2009 and paid on March 12, 2010.

(5) The amounts reported in this column reflect the actuarial increase in the present value of each Named Executive Officer’s accrued benefits under our Pension Plan and the Pension SERP Benefit determined using the time periods and assumptions applied in our consolidated financial statements for the years ended December 31, 2009, 2010, and 2011, respectively.

With the exception of Mr. Weiss, the values reported include amounts that the Named Executive Officers are not currently entitled to receive because such amounts are not yet vested. The amounts reported do not include values associated with retiree medical benefits, which are generally available on the same terms to all employees. Deferred Base Salary under the Executive Compensation Program is not considered compensation eligible for deferral in accordance with the Executive Deferred Compensation Plan, or EDCP. The Executive Compensation Program does not provide for interest on Deferred Base Salary.

(6) Amounts reflect (i) matching contributions we made to our tax-qualified Thrift/401(k) Savings Plan; (ii) accruals we made pursuant to the Thrift/401(k) SERP Benefit; (iii) FlexDollars (described below); and (iv) perquisites and other personal benefits received. These amounts for 2011 are as follows:

	Thrift/401(k) Savings Plan Contributions	Thrift/401(k) SERP Benefit Accruals	Total Flex Dollars	Perquisites
Mr. Haldeman . . . . .	\$ 6,750	\$47,250	\$18,915	\$—
Mr. Kari . . . . .	6,750	33,750	14,792	—
Mr. Renzi . . . . .	4,350	18,082	10,561	—
Mr. Weiss . . . . .	13,500	40,500	19,735	—
Ms. Wisdom . . . . .	9,562	28,688	9,879	—

Employer contributions to the Thrift/401(k) Savings Plan are available on the same terms to all of our employees. We match up to the first 6% of eligible compensation at 100% of the employee’s contributions, with the percentage matched dependent upon the employee’s length of service. Employee contributions and our matching contributions are invested in accordance with the employee’s investment elections and are immediately

vested. In addition, on a discretionary basis, we may make an additional contribution to our Thrift/401(k) Savings Plan, referred to as the “Basic Contribution,” that is allocated on behalf of each eligible employee, based on a stated percentage of each employee’s eligible compensation. When we make a Basic Contribution, it occurs after the end of the calendar year to which it relates. The formula for the contribution is 2% of pay up to the Social Security wage base, which was \$106,800 for 2011, and 4% of pay above the Social Security wage base. Basic Contributions were approved and posted to employees’ accounts in 2009 and 2010, but not in 2011. Basic Contributions received on or after January 1, 2008 are subject to a graded vesting schedule such that employees with less than five years of service are not fully vested in the Basic Contribution on the contribution date, but become vested at the rate of 20% per year over their first five years of service.

For additional information regarding the Thrift/401(k) SERP Benefit, see “Non-qualified Deferred Compensation” below. Amounts for the Thrift/401(k) Savings Plan contributions and Thrift/401(k) SERP Benefit accruals are presented without regard to vesting status. To be eligible for the portion of the Thrift/401(k) SERP Benefit attributable to matching contributions, the Named Executive Officer must contribute the maximum amount permitted under the terms of the Thrift/401(k) Savings Plan on a pre-tax basis throughout the entire period of the year in which the Named Executive Officer is eligible to make such contributions.

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

Perquisites are valued at their aggregate incremental cost to us. During the years reported, the aggregate value of perquisites received by all Named Executive Officers other than Messrs. Haldeman and Kari was less than \$10,000. In accordance with SEC rules, amounts shown under “All Other Compensation” do not include perquisites or personal benefits for a Named Executive Officer that, in the aggregate, amount to less than \$10,000.

The amount shown in the “All Other Compensation” column for 2010 for Mr. Haldeman consists entirely of relocation expenses paid as part of the relocation benefit we agreed to provide when we hired him. The amount shown in the “All Other Compensation” column for 2010 for Mr. Kari consists of (a) relocation expenses of \$369,484 paid as part of the relocation benefit we agreed to provide when we hired him; and (b) financial planning services. As part of our standard executive relocation program, we purchased Mr. Kari’s former home at a price equal to the average of two independent appraisals, while the price at which the home ultimately sold was significantly lower because of a decline in the home’s value between our purchase and the sale. SEC rules require that we include this difference as fiscal year 2010 compensation.

We calculated the incremental cost to us of providing each of Mr. Haldeman’s and Mr. Kari’s relocation expenses based on actual cost; that is, the total amount of expenses incurred by us in providing the benefit.

### Grants of Plan-Based Awards — 2011

The following table contains information concerning grants of plan-based awards to each of the Named Executive Officers during 2011. We are prohibited from issuing equity securities without Treasury’s consent under the terms of the Purchase Agreement. Accordingly, no stock awards were granted during 2011. For a description of the performance and other measures used to determine payouts, see “Compensation Discussion & Analysis — Executive Management Compensation Program — Elements of Compensation and Total Direct Compensation — Deferred Base Salary,” “Target Opportunity,” “Performance Measures for the Performance-Based Elements of Compensation,” “Determination of the Performance-Based Portion of 2011 Deferred Base Salary,” and “Determination of Actual Target Opportunity.”

**Table 86 — Grants of Plan-Based Awards — 2011**

Name	Award	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>		
		Threshold	Target	Maximum
Mr. Haldeman	Target Opportunity <sup>(2)</sup>	\$—	\$2,000,000	\$3,000,000
	Performance-Based Deferred Base Salary	—	1,550,000	1,937,500
	<b>Total</b>	—	3,550,000	4,937,500
Mr. Kari	Target Opportunity	—	1,166,667	1,750,000
	Performance-Based Deferred Base Salary	—	829,166	1,036,458
	<b>Total</b>	—	1,995,833	2,786,458
Mr. Renzi	Target Opportunity	—	829,545	1,244,318
	Performance-Based Deferred Base Salary	—	592,613	740,766
	<b>Total</b>	—	1,422,158	1,985,084
Mr. Weiss	Target Opportunity	—	733,333	1,100,000
	Performance-Based Deferred Base Salary	—	508,333	635,416
	<b>Total</b>	—	1,241,666	1,735,416
Ms. Wisdom	Target Opportunity	—	583,333	875,000
	Performance-Based Deferred Base Salary	—	370,833	463,541
	<b>Total</b>	—	954,166	1,338,541

(1) The amounts reported reflect the Target Opportunity and the performance-based portion of the Deferred Base Salary granted in 2011. The Target Opportunity actually earned can range from 0% of target (reported in the Threshold column) up to a maximum of 150% of target (reported in the Maximum column). The performance-based portion of the Deferred Base Salary actually earned can range from 0% of target (reported in the Threshold column) up to a maximum of 125% of target (reported in the Maximum column). However, while the Executive Compensation Program allows for an approved funding level greater than 100%, it is the current intention of the Compensation Committee not to approve a funding level in excess of 100% while the company is in conservatorship. Actual amounts earned are reported in the “Non-Equity Incentive Plan Compensation” column of “Table 85 — Summary Compensation Table — 2011”.

The 2011 Target Opportunity is scheduled to be paid in two installments, the first of which occurred on February 16, 2012, and the second of which is scheduled to occur no later than March 15, 2013. The performance-based portion of the 2011 Deferred Base Salary is payable in equal quarterly installments on the last business day of each quarter in 2012.

(2) As discussed further in “Compensation Discussion and Analysis — Determination of Actual Target Opportunity,” Mr. Haldeman will not receive the TO installments applicable to his performance during 2011.

### Outstanding Equity Awards at Fiscal Year-End — 2011

The following table shows outstanding equity awards held by the Named Executive Officers as of December 31, 2011.

**Table 87 — Outstanding Equity Awards at Fiscal Year-End — 2011**

Name	Award Type <sup>(1)</sup>	Grant Date	Option Awards <sup>(3)</sup>				Stock Awards <sup>(3)</sup>	
			Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$) <sup>(2)</sup>	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(4)</sup>
Mr. Haldeman . . . . .	—	—	—	—	\$ —	—	—	\$ —
Mr. Kari . . . . .	—	—	—	—	—	—	—	—
Mr. Renzi . . . . .	—	—	—	—	—	—	—	—
Mr. Weiss . . . . .	SO	08/09/04	4,970	—	64.36	8/8/2014	—	—
	SO	05/06/05	5,640	—	62.69	5/5/2015	—	—
	SO	06/05/06	5,980	—	60.45	06/04/16	—	—
	RSU	03/07/08	—	—	—	—	5,726	1,214
Ms. Wisdom . . . . .	RSU	03/07/08	—	—	—	—	8,270	1,753

- (1) The rows labeled “SO” indicate stock options and the rows labeled “RSU” indicate restricted stock units.
- (2) Consistent with the terms of our 2004 Employee Plan, the option exercise price was set at a price equal to the fair market value of our common stock on the grant date.
- (3) Amounts reported in this table for RSUs represent the unvested portion of awards, while amounts reported in this table for options represent the unexercised portion of awards. The vesting schedules for the option and stock awards reported in this table are as follows:
  - Stock options granted on August 9, 2004 vested at a rate of 25% beginning on the first anniversary of the grant date, and 25% on April 1, 2006, April 1, 2007, and April 1, 2008.
  - Stock options granted on May 6, 2005 and June 5, 2006 vested at a rate of 25% annually beginning on the anniversary of the grant dates.
  - RSUs granted on March 7, 2008 vest at a rate of 25% annually beginning on the anniversary of the grant date.
- (4) Market value is calculated by multiplying the number of RSUs held by each Named Executive Officer on December 31, 2011 by the closing price of our common stock on December 30, 2011 (\$0.212), the last trading day of the year.

For information on alternative settlement provisions of RSU and stock option grants in the event of certain terminations, see “Table 91 — Potential Payments Upon Termination of Employment or Change-in-Control as of December 31, 2011” below.

### Option Exercises and Stock Vested — 2011

The following table sets forth information concerning value realized upon the vesting of RSUs during 2011 by each of the Named Executive Officers. No Named Executive Officer exercised options in 2011.

**Table 88 — Option Exercises and Stock Vested — 2011**

Name	Stock Awards	
	Number of shares Acquired on Vesting (#) <sup>(1)</sup>	Value Realized on Vesting (\$) <sup>(2)</sup>
Mr. Haldeman . . . . .	—	\$ —
Mr. Kari . . . . .	—	—
Mr. Renzi . . . . .	—	—
Mr. Weiss . . . . .	9,114	4,212
Ms. Wisdom . . . . .	9,949	5,002

- (1) Amounts reported reflect the number of RSUs that vested during 2011 prior to our withholding of shares to satisfy applicable taxes.
- (2) Amounts reported are calculated by multiplying the number of RSUs that vested during 2011 by the fair market value of our common stock on the date of vesting.

### Pension Benefits — 2011

The following table shows the actuarial present value of the accumulated retirement benefits payable to each of the Named Executive Officers under our Pension Plan and the Pension SERP Benefit (the component of the SERP that relates

to the Pension Plan), computed as of December 31, 2011. A summary of the material terms of each plan follows the table, including information on early retirement.

**Table 89 — Pension Benefits — 2011**

<u>Name</u>	<u>Plan Name</u>	<u>Number of Years Credited Service(#)<sup>(1)</sup></u>	<u>Present value of Accumulated Benefit (\$)<sup>(2)</sup></u>	<u>Payments During Last Fiscal Year (\$)</u>
Mr. Haldeman . . . . .	Pension Plan	2.3	\$ 66,196	\$—
	Pension SERP Benefit	2.3	387,519	—
Mr. Kari . . . . .	Pension Plan	2.2	39,779	—
	Pension SERP Benefit	2.2	148,391	—
Mr. Renzi . . . . .	Pension Plan	2	33,661	—
	Pension SERP Benefit	2	52,718	—
Mr. Weiss . . . . .	Pension Plan	8.2	184,141	—
	Pension SERP Benefit	8.2	386,583	—
Ms. Wisdom . . . . .	Pension Plan	4	74,916	—
	Pension SERP Benefit	4	136,130	—

- (1) Amounts reported represent the credited years of service for each Named Executive Officer as of December 31, 2011, under the Pension Plan and the Pension SERP Benefit, respectively.
- (2) Amounts reported reflect the present value, expressed as a lump sum as of December 31, 2011, of each Named Executive Officer’s benefits under the Pension Plan and the Pension SERP Benefit, respectively. Amounts reported are calculated assuming payment at the earliest unreduced retirement date, as specified in the Plans. For benefits earned through December 31, 2010, the Pension Plan provides an unreduced early retirement benefit at the earlier of: (a) age 62 and 15 years of service; and (b) age 65. The Pension SERP Benefit does not provide an early retirement benefit, therefore age 65 is the assumed commencement date. For Messrs. Haldeman, Kari and Renzi and Ms. Wisdom, the amounts shown include amounts, if any, in which the Named Executive Officers are not yet vested. Pension Plan and Pension SERP Benefits do not vest until the participant attains five years of vesting service, at which time the participant vests fully.

**Pension Plan**

The Pension Plan is a tax-qualified, defined benefit pension plan that we maintain, covering substantially all employees who have attained age 21 and completed one year of service with us. Amendments were made to the Pension Plan, effective January 1, 2012, that limit participation in the Pension Plan to those individuals who were hired (or rehired) prior to January 1, 2012. Each of the current Named Executive Officers is eligible to participate in the Pension Plan. Pension Plan benefits are based on an employee’s years of service and compensation, up to limits imposed by law. Specifically, the normal retirement benefit under the Pension Plan for service after December 31, 1988 is a monthly payment commencing at age 65 calculated as follows:

- 1% of the participant’s highest average monthly compensation for the 36-consecutive month period during which the participant’s compensation was the highest;
- multiplied by the participant’s full and partial years of credited service under the Pension Plan.

For purposes of the Pension Plan, compensation includes the non-deferred base salary paid to each employee (which includes Semi-Monthly Base Salary under our Executive Compensation Program), as well as overtime pay, shift differentials, non-deferred bonuses paid under our corporate-wide annual bonus program or pursuant to a functional incentive plan (excluding the value of any stock options or cash equivalents), commissions and salary reductions under the Thrift/401(k) Savings Plan and the Flexible Benefits Plan, and qualified transportation benefits under Internal Revenue Code Section 132(f)(4). Compensation does not include, among other things, supplemental compensation plans providing temporary pay, deferrals under the Executive Compensation Program, or amounts paid after termination of employment other than amounts included in a final paycheck.

Notwithstanding the lump sum nature of the disclosure in the preceding table, for 2011 lump sum payments were not permitted under the Pension Plan if the present value of the accrued benefit would equal or exceed \$25,000. The normal form of benefit under the Pension Plan is an annuity providing monthly payments for the life of the participant (and a survivor annuity for the participant’s spouse if applicable). Optional forms of benefit payment are available. A benefit with an actuarial present value equal to or less than \$5,000 may only be paid as a lump sum.

Throughout 2011, participants under the Pension Plan who terminate employment before age 55 with at least five years of service are considered “terminated vested” participants. Such participants may commence their benefit under the Pension Plan as early as age 55. The benefit is equal to the vested portion of the participant’s accrued benefit, reduced by 1/180th for each of the first 60 months, and by 1/360th for each of the next 60 months, by which the commencement of such benefits precedes age 65.

An early retirement benefit is available to a participant who terminates employment on or after age 55 with at least five years of service. For service before January 1, 2011, this early retirement benefit is reduced by 3% for each year (prorated monthly for partial years) by which the commencement of such benefits precedes the earlier of: (a) the

participant's attainment of age 65; or (b) the participant's attainment of age 62 or later with at least 15 years of service. For service after December 31, 2010, the reduction is 5% for each year (prorated monthly for partial years) by which the commencement of benefits precedes the participant's attainment of age 65. For participants with service prior to January 1, 2011 and after December 31, 2010, the reductions are separately calculated, and the early retirement benefit is the sum of the two calculations. Death benefits are available provided the participant completed at least five years of service prior to death.

### **Supplemental Executive Retirement Plan — Pension SERP Benefit**

The Pension SERP Benefit component of the SERP is designed to provide participants with the full amount of benefits to which they would have been entitled under the Pension Plan if that plan: (a) was not subject to certain limits on compensation that can be taken into account under the Internal Revenue Code; and (b) did not exclude from "compensation" Deferred Base Salary and amounts deferred under our EDCP. For example, the Pension Plan is only permitted under the Internal Revenue Code to consider the first \$245,000 of an employee's compensation during 2011 for the purpose of determining the participant's compensation-based normal retirement benefit. Effective January 1, 2010, the SERP was amended to provide that the maximum covered compensation for purposes of the SERP, relative to a Covered Officer, may not exceed two times the Covered Officer's Semi-Monthly Base Salary. We believe the Pension SERP Benefit is an appropriate benefit because offering such a benefit helps us remain competitive with companies in the Comparator Group.

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

To be eligible for the Pension SERP Benefit for any year, the Named Executive Officer must be eligible to participate in the Pension Plan. Each of the Named Executive Officers is eligible to participate in the Pension Plan. Eligibility for the Pension SERP Benefit and the Pension Plan has been eliminated for employees (including executive officers) hired or rehired after January 1, 2012. See "Other Executive Compensation Considerations — Supplemental Executive Retirement Plan" above.

Pension SERP Benefits that vest on or after January 1, 2005 are generally distributed in a lump sum after separation from service and are payable 90 days after the end of the calendar year in which separation occurs. Subject to plan limitations and restrictions under Internal Revenue Code Section 409A, employees may elect that this portion of the Pension SERP Benefit be paid upon separation in the form of a single life annuity at age 65 or in reasonably equal annual installments over five, 10 or 15 years (including interest). Under IRS rules, distributions to so-called "key employees" (as defined by the IRS in regulations concerning Internal Revenue Code Section 409A) on account of separation from service may not commence earlier than six months from the key employee's separation from service. Payments under the SERP will be delayed if necessary to meet this requirement. In the case of death, the Pension SERP Benefit is distributed as a lump sum within 90 days of such event.

Pension SERP Benefits that vested prior to January 1, 2005 are generally distributed after separation from service (other than retirement) in the form of a single life annuity commencing at age 65. In the case of retirement, the vested pre-2005 Pension SERP Benefit is combined with the vested pre-2005 Thrift/401(k) SERP Benefit and is paid out in the form of a single life annuity payable at age 65 (or in a series of reasonably equal installments over 15 years commencing with retirement if actuarial estimates indicate that payment form would yield a longer period of payment). In the case of death, the vested pre-2005 Pension SERP Benefit is paid in the form of a lump sum within 90 days of such event.

### **Non-qualified Deferred Compensation**

#### ***Executive Deferred Compensation Plan***

The EDCP is a non-qualified plan and is unfunded (benefits are paid from our general assets). The EDCP has, in the past, allowed the Named Executive Officers to defer receipt of a portion of their annual base pay and cash bonus (and to defer settlement of RSUs granted between 2002 and 2007). In both December 2010 and December 2011, we advised participants in the EDCP that we are suspending deferrals of pay under the EDCP during calendar year 2011 and 2012. We will review future deferral options during the fourth quarter of 2012. None of the Named Executive Officers has a balance under the EDCP.

### ***Supplemental Executive Retirement Plan — Thrift/401(k) SERP Benefit***

The Thrift/401(k) SERP Benefit component of the SERP is an unfunded, nonqualified defined contribution plan designed to provide participants with the full amount of benefits that they would have been entitled to under the Thrift/401(k) Savings Plan if that plan: (a) was not subject to certain limits on compensation that can be taken into account under the Internal Revenue Code; and (b) did not exclude from compensation Deferred Base Salary and amounts deferred under our EDCP. For example, in 2011 under the Internal Revenue Code, only the first \$245,000 of an employee's compensation is considered when determining our percentage-based matching contribution and the basic contribution for any participant in the Thrift/401(k) Savings Plan. Effective January 1, 2010, the SERP was amended to provide that the maximum covered compensation for purposes of the SERP, relative to a Covered Officer, may not exceed two times the Covered Officer's Semi-Monthly Base Salary. We believe the Thrift/401(k) SERP Benefit is an appropriate benefit because offering such a benefit helps us remain competitive with companies in the Comparator Group.

The Thrift/401(k) SERP Benefit equals the amount of the employer matching contributions and basic contribution for each Named Executive Officer that would have been made to the Thrift/401(k) Savings Plan during the year, based upon the participant's eligible compensation, without application of the above limits, less the amount of the matching contributions and basic contribution actually made to the Thrift/401(k) Savings Plan during the year. Participants are credited with earnings or losses in their Thrift/401(k) SERP Benefit accounts based upon each participant's individual direction of the investment of such notional amounts among the virtual investment funds available under the SERP. Such investment options are based upon and mirror the performance of the investment options available under the Thrift/401(k) Savings Plan. As of December 31, 2011, there were 21 investment options in which participants' notional amounts could be deemed invested.

To be eligible for the Thrift/401(k) SERP Benefit, the Named Executive Officer must be eligible for matching contributions and basic contributions under the Thrift/401(k) Savings Plan for part of the year. In addition, to be eligible for the portion of the Thrift/401(k) SERP Benefit attributable to employer matching contributions, the Named Executive Officer must contribute the maximum amount permitted under the terms of the Thrift/401(k) Savings Plan on a pre-tax basis throughout the entire portion of the year in which the Named Executive Officer is eligible to make such contributions. The portion of the Thrift/401(k) SERP Benefit that is attributable to employer matching contributions is vested when accrued, while the accrual relating to the basic contribution paid prior to 2008 is subject to five-year cliff vesting, the accrual relating to the basic contribution attributable to calendar years 2008-2011 is subject to five-year graded vesting of 20% per year, and the accrual relating to the new employer discretionary contribution (which will replace the basic contribution for 2012) will be subject to three-year cliff vesting. The Thrift/401(k) SERP Benefits that vest on or after January 1, 2005 are generally distributed in a lump sum payable 90 days after the end of the calendar year in which separation from service occurs. A six-month delay in commencement of distributions on account of separation from service applies to key employees, in accordance with Internal Revenue Code Section 409A. If the Named Executive Officer dies, the vested Thrift/401(k) SERP Benefit is paid in the form of a lump sum within 90 days of death.

Thrift/401(k) SERP Benefits that vested prior to January 1, 2005 are generally distributed after separation from service (other than retirement) in the form of three reasonably equal annual installments, starting in the first quarter of the calendar year following the year in which the separation from service occurs. In the case of retirement, the vested pre-2005 Thrift/401(k) SERP Benefit is combined with the vested pre-2005 Pension SERP Benefit and is payable in the form of a single life annuity at age 65 (or in a series of reasonably equal installments over 15 years commencing with retirement if actuarial estimates indicate that this payment form would yield a longer period of payment). In the case of death, the vested pre-2005 Thrift/401(k) SERP Benefit is paid in the form of a lump sum within 90 days of such event.

The following table shows the contributions, earnings, withdrawals and distributions, and accumulated balances under the Thrift/401(k) SERP Benefit for each Named Executive Officer. As of December 31, 2011, none of the Named Executive Officers was a participant in the EDCP.

**Table 90 — Non-Qualified Deferred Compensation**

Name	Executive Contribution in Last FY (\$) <sup>(1)</sup>	Freddie Mac Accruals in Last FY (\$) <sup>(2)</sup>	Aggregate Earnings in Last FY (\$) <sup>(3)</sup>	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$) <sup>(4)</sup>
Mr. Haldeman					
Thrift/401(k) SERP Benefit . . . . .	\$—	\$47,250	\$ 38	\$—	\$ 69,793
Mr. Kari					
Thrift/401(k) SERP Benefit . . . . .	—	33,750	4	—	33,754
Mr. Renzi					
Thrift/401(k) SERP Benefit . . . . .	—	18,082	2	—	18,084
Mr. Weiss					
Thrift/401(k) SERP Benefit . . . . .	—	40,500	(13,175)	—	344,818
Ms. Wisdom					
Thrift/401(k) SERP Benefit . . . . .	—	28,688	64	—	74,717

- (1) The SERP does not allow for employee contributions.
- (2) Amounts reported reflect our accruals under the Thrift/401(k) SERP Benefit during 2011. These amounts are also reported in the “All Other Compensation” column in “Table 85 — Summary Compensation Table — 2011”.
- (3) Amounts reported represent the total interest and other earnings credited to each Named Executive Officer under the Thrift/401(k) SERP Benefit.
- (4) Amounts reported reflect the accumulated balances under the Thrift/401(k) SERP Benefit for each Named Executive Officer. Under the Thrift/401(k) SERP Benefit, matching contribution accruals vest immediately, whereas the basic contribution accruals relating to the basic contribution paid prior to 2008 are subject to cliff vesting of 100% at the end of five years and the accruals relating to the basic contribution paid in 2008 and later years are subject to five-year graded vesting of 20% per year. Messrs. Haldeman, Kari, and Renzi, and Ms. Wisdom have not met the five-year vesting requirement for the basic contribution. Mr. Weiss is fully vested in his account. The difference in the aggregate balance above and the vested balance is equal to the non-vested basic contribution plus earnings. The vested and non-vested components under the Thrift/401(k) SERP Benefit for each Named Executive Officer are as follows: (i) Mr. Haldeman: vested balance: \$69,793; non-vested balance: \$0; (ii) Mr. Kari: vested balance: \$33,754; non-vested balance: \$0; (iii) Mr. Renzi: vested balance: \$18,084; non-vested balance: \$0; (iv) Mr. Weiss: vested balance: \$344,818; non-vested balance: \$0; (v) Ms. Wisdom: vested balance: \$71,469; non-vested balance: \$3,248. Messrs. Haldeman, Kari and Renzi do not have an unvested balance since no basic contributions have been made since they joined the company. For a more detailed discussion of the matching contribution accruals and basic contribution accruals, see “Supplemental Executive Retirement Plan — Thrift/401(k) SERP Benefit” above.

The following 2010 Thrift/401(k) SERP Benefit accrual amounts were reported in the column “All Other Compensation” in the 2010 Summary Compensation Table as compensation for each Named Executive Officer for whom such accruals were made and reported during 2010 as follows: (a) Mr. Haldeman: \$22,500; and (b) Mr. Kari: \$0. See our Form 10-K filed on February 24, 2011. Messrs. Haldeman and Kari both had accruals of \$0 during 2009 because, based on their hire dates, they were not eligible for Thrift/401(k) SERP Benefit accruals. See Amendment No. 2 to our Form 10-K filed on April 12, 2010. In addition, Messrs. Renzi and Weiss and Ms. Wisdom had Thrift/401(k) SERP Benefit accrual amounts of \$0, \$57,300 and \$33,529 respectively for 2010, although this was not reported in the Summary Compensation Table because they were not Named Executive Officers for 2010.

**Potential Payments Upon Termination of Employment or Change-in-Control**

We have entered into certain agreements and maintain certain plans that call for us to pay compensation to our Named Executive Officers in the event of a termination of employment with us. The compensation and benefits potentially payable to each Named Executive Officer if the officer had terminated his employment under various circumstances as of December 31, 2011 are described in the discussion and reported in the table below. For more information, see “Employment and Separation Agreements” below. FHFA reviewed the terms of the employment agreements for Messrs. Haldeman and Kari and approved the termination benefits set forth therein. The actual payment of any level of termination benefits is subject to FHFA review and approval.

We are not obligated to provide any additional compensation to our Named Executive Officers in connection with a change in control.

Each of our Named Executive Officers is subject to a restrictive covenant agreement with us. Each agreement provides that the Named Executive Officer will not seek employment with designated competitors for a specified period immediately following termination of employment, regardless of whether the executive’s employment is terminated by the executive, by us, or by mutual agreement. The specified period is 24 months for Messrs. Haldeman and Kari and 12 months for Messrs. Renzi and Weiss and Ms. Wisdom. During the 12-month period immediately following termination, each executive also agrees not to: (a) solicit or recruit any of our managerial employees; (b) compete against us in any of our business activities; or (c) make disparaging remarks about us. The agreement also provides for confidentiality of information that constitutes trade secrets or proprietary or other confidential information.

As of December 31, 2011, Mr. Weiss had vested in his benefits under the Thrift/401(k) SERP Benefit and the Pension SERP Benefit, while Messrs. Haldeman, Kari and Renzi and Ms. Wisdom had not. The amounts presented in the table below do not include vested balances in the Thrift/401(k) SERP Benefit or vested benefits in the Pension SERP Benefit, because such vesting was not in connection with a termination or change-in-control. Amounts shown in the tables also do not include certain items available to all employees generally upon a termination event.



For RSUs, the value shown in the table is calculated on a grant-by-grant basis by multiplying the number of unvested RSUs by the closing price of our common stock on December 30, 2011. No value is included in the tables for stock options because the exercise prices for all such options held by Named Executive Officers are substantially higher than the closing price of our common stock on December 30, 2011.

### **Potential Payments to Current Named Executive Officers**

The Executive Compensation Program addresses the treatment of Semi-Monthly Base Salary, Deferred Base Salary, and the Target Opportunity upon various termination events. In order to be eligible to receive any portion of a Target Opportunity installment payment, a Covered Officer must have been employed for a minimum of four whole calendar months during the performance year to which the award applies.

Additionally, none of the Covered Officers are guaranteed termination benefits upon any type of termination event other than death or disability and the actual payment of any level of termination benefits is subject to FHFA review and approval at the time of payment. The discussion that follows describes the termination benefits, if any, provided upon various types of termination events.

- **Death.** Any earned but unpaid Deferred Base Salary or Target Opportunity installments will be paid as soon as administratively possible in the event of death. If, at the time of death, the funding level has not been determined, the award will remain outstanding until such determination is made. Payment will occur as soon as administratively possible following the determination of the funding level.
- **Disability.** Treatment upon a Long-Term Disability (as defined in the Executive Compensation Program) is the same as upon death, except that payment of any Deferred Base Salary will occur in accordance with the approved payment schedule and not as soon as administratively possible following termination of employment.
- **Retirement.** Treatment upon an eligible Retirement (as defined in the Executive Compensation Program) is the same as upon Long-Term Disability, except that only a pro-rata portion of a Target Opportunity installment payment will occur based on the number of whole months worked in the performance year during which the officer retires. No information is provided in the table below with respect to a termination of employment on account of a retirement because none of the Named Executive Officers was retirement-eligible under the Executive Compensation Program as of December 31, 2011.
- **Voluntary or For Cause.** The Named Executive Officers are not entitled to any termination benefits in the event of a voluntary termination or a termination for cause and all earned but unpaid Deferred Base Salary and the unpaid portion of any outstanding Target Opportunity awards are forfeited.
- **Involuntary Termination Without Cause.** The Named Executive Officers are not entitled to any termination benefits in the event of an involuntary termination without cause unless the Compensation Committee recommends that the Named Executive Officer receive termination benefits and the Committee's recommendation is approved by FHFA after consulting with Treasury, as appropriate. In determining whether to recommend payment of termination benefits and the amount of such benefits, the Compensation Committee will take into account one or more factors that it determines are relevant, including:
  - The facts and circumstances associated with the termination;
  - The performance and contributions of the Named Executive Officer during his or her tenure with us;
  - The amount of earned but unpaid Deferred Base Salary as of the date of termination; and
  - Our need to provide reasonable and competitive termination benefits in order to attract and retain high caliber executives during conservatorship.

Under interim guidance from FHFA, the amount of any termination benefits recommended by the Compensation Committee in the event of an involuntary termination without cause may not exceed \$1 million and must also be limited to the greater of:

- 100% of the Named Executive Officer's earned but unpaid Deferred Base Salary as of the date of termination; or,
- 2/3rds of the Named Executive Officer's earned but unpaid Deferred Base Salary as of the date of termination plus a supplemental amount not to exceed 2/3rds of the Named Executive Officer's Semi-Monthly Base Salary.

The following table describes the potential payments as of December 31, 2011 upon termination of the Named Executive Officers employed as of that date that results from death or disability. There are no payments or benefits

payable upon termination of employment for other reasons or upon a change-in-control. Additionally, Semi-Monthly Base Salary is only payable through the date of death or a termination resulting from disability. The amounts presented in this table do not include vested balances in the Thrift/401(k) SERP Benefit, or vested benefits in the Pension SERP Benefit as of December 31, 2011, because such vesting was not in connection with a termination or change-in-control. Amounts shown in the table also do not include certain items available to all employees generally upon a termination event. Additional information is provided in the footnotes following the table.

**Table 91 — Potential Payments Upon Termination of Employment or Change-in-Control as of December 31, 2011**

	<u>Death</u>	<u>Disability</u>
<b><u>Charles E. Haldeman, Jr.</u></b>		
Compensation:		
Deferred Base Salary <sup>(1)</sup> . . . . .	\$2,898,500	\$2,898,500
Target Opportunity <sup>(2)</sup> . . . . .	—	—
Benefits:		
Non-Qualified Pension <sup>(3)</sup> . . . . .	—	387,519
Total . . . . .	<u>\$2,898,500</u>	<u>\$3,286,019</u>
<b><u>Ross J. Kari</u></b>		
Compensation:		
Deferred Base Salary <sup>(1)</sup> . . . . .	\$1,550,542	\$1,550,542
Target Opportunity <sup>(2)</sup> . . . . .	988,771	988,771
Benefits:		
Non-Qualified Pension <sup>(3)</sup> . . . . .	—	148,391
Total . . . . .	<u>\$2,539,313</u>	<u>\$2,687,704</u>
<b><u>Anthony N. Renzi</u></b>		
Compensation:		
Deferred Base Salary <sup>(1)</sup> . . . . .	\$1,108,188	\$1,108,188
Target Opportunity <sup>(2)</sup> . . . . .	447,223	447,223
Benefits:		
Non-Qualified Pension <sup>(3)</sup> . . . . .	—	52,718
Total . . . . .	<u>\$1,555,411</u>	<u>\$1,608,129</u>
<b><u>Jerry Weiss</u></b>		
Compensation:		
Deferred Base Salary <sup>(1)</sup> . . . . .	\$ 950,584	\$ 950,584
Target Opportunity <sup>(2)</sup> . . . . .	618,732	618,732
Equity Awards <sup>(4)</sup> . . . . .	1,214	1,214
Total . . . . .	<u>\$1,570,530</u>	<u>\$1,570,530</u>
<b><u>Paige H. Wisdom</u></b>		
Compensation:		
Deferred Base Salary <sup>(1)</sup> . . . . .	\$ 693,459	\$ 693,459
Target Opportunity <sup>(2)</sup> . . . . .	484,223	484,223
Equity Awards <sup>(4)</sup> . . . . .	1,753	1,753
Benefits:		
Non-Qualified Pension <sup>(3)</sup> . . . . .	—	136,130
Non-Qualified Deferred Compensation <sup>(3)</sup> . . . . .	—	3,248
Total . . . . .	<u>\$1,179,435</u>	<u>\$1,318,813</u>

- (1) The amount reported as Deferred Base Salary is equal to any earned but unpaid Deferred Base Salary, adjusted to reflect the approved funding level.
- (2) The amounts reported under Target Opportunity are equal to the first installment associated with the 2011 Target Opportunity and the second installment associated with the 2010 Target Opportunity. Both amounts have been adjusted to reflect the approved funding levels and the individual differentiation based on division and/or individual performance.
- (3) The amounts reported under Non-Qualified Pension and Non-Qualified Deferred Compensation reflect the non-vested Pension SERP Benefit and the non-vested Thrift/401(k) SERP Benefit, respectively, as of December 31, 2011. Under the terms of the SERP, a participant continues to accrue service while disabled (as defined in the SERP).
- (4) The amount reported under Equity Awards reflects the immediate vesting of the Named Executive Officer's outstanding RSU grants in the event of death or disability. Death also results in the immediate settlement of the outstanding RSUs, while a Disability event results in continued vesting of all grants in accordance with the vesting schedule outlined in the award agreement as if termination had not occurred. The values shown were calculated by multiplying the number of RSUs that will continue to vest by the closing price or our common stock on December 30, 2011 (\$0.212), the last trading day of the year.

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

***RSUs***

The RSUs awarded to our employees, including our Named Executive Officers, contain alternative settlement provisions in the event of certain terminations, as follows:

- ***Death.*** Immediate vesting and settlement occurs in the event of death.

- ***Disability and Retirement.*** In the event of disability, normal retirement, or a retirement other than a normal retirement (all as defined in the 2004 Employee Plan), RSUs will vest immediately and will be settled in accordance with the vesting schedule outlined in the award agreement as if termination had not occurred. This treatment is subject to the executive's signing an agreement containing certain restrictive covenants to protect our business interests. Violation of any of the covenants results in the forfeiture of unsettled shares and the requirement to repay any after-tax gain realized from the settlement of shares within 12 months of the forfeiture event.
- ***Involuntary Termination Without Cause.*** In the event of an involuntary termination other than for cause, the Compensation Committee may, contingent on approval from FHFA, provide for RSUs to vest immediately and settle in accordance with the vesting schedule outlined in the award agreement as if termination had not occurred. Under interim guidance provided by FHFA, this provision is limited to awards scheduled to vest within 12 months of the executive's termination date.
- ***All Other Terminations.*** If the Named Executive Officer's employment is terminated for any reason other than those described above, all RSUs unvested as of the date of termination are forfeited.

### Stock Options

The stock options granted to our employees, including our Named Executive Officers, all of which were exercisable as of December 31, 2011, include alternative settlement provisions in the event of certain terminations which are similar to the provisions for RSUs, with the following modifications:

- ***Death.*** The stock options remain exercisable until the earlier of the original expiration date or three years after the date of termination in the event of death.
- ***Disability.*** The stock options remain exercisable for the full balance of their term in the event of disability.
- ***Retirement.*** In the event of retirement, as defined in the 2004 Employee Plan, stock options will remain exercisable for the full balance of their term, subject to the executive's signing an agreement containing the same restrictive covenants as described above for RSUs.
- ***All Other Terminations.*** If the individual's employment is terminated for any reason other than those described above, the stock options remain exercisable until the earlier of the original expiration date or 90 days following termination.

### **Employment and Separation Agreements**

#### ***Messrs. Haldeman and Kari***

The various agreements entered into in connection with the employment of Messrs. Haldeman and Kari are summarized above. See “— Written Agreements Relating to Employment of CEO and CFO.”

#### ***Messrs. Renzi and Weiss and Ms. Wisdom***

We do not have any continuing obligations under the letter agreements that were entered into with Mr. Renzi, Mr. Weiss and Ms. Wisdom at the time of their employment.

### **Director Compensation**

After we entered conservatorship, FHFA approved compensation for Board members in the form of cash retainers only, paid on a quarterly basis. Under the terms of the Purchase Agreement, without Treasury's consent, we are prohibited from making stock grants to directors while this agreement remains in effect. We do not maintain any pension or retirement plans for directors. Non-employee directors are reimbursed for reasonable out-of-pocket costs for attending each meeting of the Board or a Board committee of which they are a member.

The reasons for this shift toward compensation delivered entirely in cash were similar, in the case of director compensation, to some of those described above regarding the structural change in executive compensation (see “Overview — Executive Management Compensation Program — Overview of Program Structure”). However, the considerations underlying director and executive compensation differed in one key respect. There is no provision in the director compensation program for pay that varies depending on business results. While such incentive compensation is deemed appropriate to give management strong incentives to devise and execute business plans and achieve positive financial results, it is viewed in the case of directors as inconsistent with their oversight role.

Board compensation levels during conservatorship are shown in the table below.

**Table 92 — Board Compensation — 2011 Non-Employee Director Compensation Levels**

<b>Board Service</b>	
Cash Compensation	
Annual Retainer . . . . .	\$160,000
Annual Retainer for Non-Executive Chairman . . . . .	290,000
<b>Committee Service (Cash)</b>	
Annual Retainer for Audit Committee Chair . . . . .	\$ 25,000
Annual Retainer for Business and Risk Committee Chair . . . . .	15,000
Annual Retainer for Committee Chairs (other than Audit or Business and Risk) . . . . .	10,000
Annual Retainer for Audit Committee Members . . . . .	10,000

The following table summarizes the 2011 compensation provided to all persons who served as non-employee directors during 2011.

**Table 93 — 2011 Director Compensation**

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Change in Pension Value and Nonqualified Deferred Compensation Earnings<sup>(5)</sup></u>	<u>All Other Compensation<sup>(6)</sup></u>	<u>Total</u>
C. Lynch <sup>(1)</sup> . . . . .	\$193,356	\$	\$ —	\$193,356
J. Koskinen <sup>(2)</sup> . . . . .	290,000		19,150	309,150
L. Bammann . . . . .	175,000		2,500	177,500
C. Byrd . . . . .	170,000		1,370	171,370
R. Glauber <sup>(2)(3)(4)</sup> . . . . .	180,000		20,000	200,000
L. Hirsch . . . . .	160,000		20,000	180,000
N. Retsinas <sup>(3)</sup> . . . . .	160,000		3,450	163,450
C. Rose <sup>(1)</sup> . . . . .	163,736		—	163,736
E. Shanks, Jr. <sup>(1)</sup> . . . . .	170,000		20,000	190,000
A. Williams <sup>(1)</sup> . . . . .	171,495		—	171,495

- (1) Amounts include additional compensation earned by the designated directors in their new roles on the Board beginning on the effective date of their appointments. Mr. Lynch’s appointment was effective as of December 2, 2011; the appointments of the new Committee chairs were effective as of November 7, 2011. Their roles and additional compensation during 2011 are as follows: Mr. Lynch (Non-Executive Chairman) — \$8,356; Mr. Rose (Audit Committee chair) — \$3,736; and Mr. Williams (Compensation Committee chair) — \$1,495. Mr. Shanks’ 2011 compensation was not affected by the change in his responsibilities from Compensation Committee chair to chair of the Nominating and Governance Committee.
- (2) Amounts shown reflect compensation actually paid to Messrs. Koskinen and Glauber during 2011. In accordance with established practice for payment of director compensation, annual retainers and committee fees are paid in advance at the beginning of each quarter. As a result of the changes in board assignments and responsibilities described in Note 1 above, the compensation earned by Messrs. Koskinen and Glauber during the fourth quarter of 2011 was less than the amounts paid to them at the beginning of the quarter. The overpayments were deducted from the amounts paid to those directors in January 2012, for the first quarter of 2012, as follows: Mr. Koskinen — \$10,598; Mr. Glauber — \$1,495.
- (3) At December 31, 2011, the aggregate number of common shares underlying the outstanding RSU awards that had not vested and were held by each non-employee director was as follows: Mr. Glauber — 1,253 shares; and Mr. Retsinas — 1,253 shares.
- (4) At December 31, 2011, the aggregate number of common shares underlying outstanding option awards, exercisable and unexercisable, held by each non-employee director was as follows: Mr. Glauber — 1,822 shares.
- (5) We do not have any pension or retirement plans for our non-employee directors.
- (6) In 2011, the Freddie Mac Foundation provided a dollar-for-dollar match to eligible organizations and institutions, up to an aggregate amount of \$20,000 per director per calendar year. Matching contributions made to charities designated by the non-employee directors were as follows: Mr. Koskinen, \$19,150; Ms. Bammann, \$2,500; Ms. Byrd, \$1,370; Mr. Glauber, \$20,000; Mr. Hirsch, \$20,000; Mr. Retsinas, \$3,450; and Mr. Shanks, Jr., \$20,000.

**Indemnification.** We have also made arrangements to indemnify our directors against certain liabilities which are similar to the terms on which our executive officers are indemnified. For a description of such terms, see “— Written Agreements Relating to Employment of CEO and CFO.”