MAXIMUS INC
Form SC 13G
February 05, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Schedule 13G

Under the Securities Exchange Act of 1934
(New)

MAXIMUS INC
(Name of Issuer)

Common Stock
(Title of Class of Securities)

577933104
(CUSIP Number)

December 31, 2007
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[X] Rule 13d-1(b)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 577933104

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(1) Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

BARCLAYS GLOBAL INVESTORS, NA., 943112180

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(2) Check the appropriate box if a member of a Group*
(a) / /
(b) /X/

---

(3) SEC Use Only

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(4) Citizenship or Place of Organization
U.S.A.

Number of Shares Beneficially Owned by Each Reporting Person With	(5) Sole Voting Power 478,534
	(6) Shared Voting Power -
	(7) Sole Dispositive Power 549,233
	(8) Shared Dispositive Power -

(9) Aggregate Amount Beneficially Owned by Each Reporting Person
549,233

(10) Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

(11) Percent of Class Represented by Amount in Row (9)
2.97%

(12) Type of Reporting Person*
BK

CUSIP No. 577933104

(1) Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

BARCLAYS GLOBAL FUND ADVISORS

(2) Check the appropriate box if a member of a Group*
(a) / /
(b) /X/

(3) SEC Use Only

(4) Citizenship or Place of Organization
U.S.A.

Number of Shares Beneficially Owned by Each Reporting Person With	(5) Sole Voting Power 415,322
	(6) Shared Voting Power -
	(7) Sole Dispositive Power 569,375
	(8) Shared Dispositive Power -

(9) Aggregate Amount Beneficially Owned by Each Reporting Person
569,375

(10) Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

(11) Percent of Class Represented by Amount in Row (9)
3.08%

(12) Type of Reporting Person*
IA

CUSIP No. 577933104

(1) Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

BARCLAYS GLOBAL INVESTORS, LTD

(2) Check the appropriate box if a member of a Group*
(a) / /
(b) /X/

(3) SEC Use Only

(4) Citizenship or Place of Organization
England

Number of Shares Beneficially Owned by Each Reporting Person With	(5) Sole Voting Power
	(6) Shared Voting Power -
	(7) Sole Dispositive Power 18,855
	(8) Shared Dispositive Power -

(9) Aggregate
18,855

(10) Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

(11) Percent of Class Represented by Amount in Row (9)
0.10%

(12) Type of Reporting Person*
BK

CUSIP No. 577933104

(1) Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

BARCLAYS GLOBAL INVESTORS JAPAN TRUST AND BANKING COMPANY LIMITED

---

(2) Check the appropriate box if a member of a Group*
(a) / /
(b) /X/

---

(3) SEC Use Only

---

(4) Citizenship or Place of Organization
Japan

Number of Shares Beneficially Owned by Each Reporting Person With	(5) Sole Voting Power
	(6) Shared Voting Power -
	(7) Sole Dispositive Power -
	(8) Shared Dispositive Power -

---

(9) Aggregate
-

---

(10) Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

---

(11) Percent of Class Represented by Amount in Row (9)
0.00%

---

(12) Type of Reporting Person*
BK

CUSIP No. 577933104

---

(1) Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

BARCLAYS GLOBAL INVESTORS JAPAN LIMITED

---

(2) Check the appropriate box if a member of a Group*
(a) / /
(b) /X/

---

(3) SEC Use Only

---

(4) Citizenship or Place of Organization
Japan

Number of Shares Beneficially Owned by Each Reporting Person With	(5) Sole Voting Power
	(6) Shared Voting Power -

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                                                ------------------------------
                                                (7)  Sole Dispositive Power
                                                        -
                                                ------------------------------
                                                (8)  Shared Dispositive Power
                                                        -
------------------------------------------------------------------------------
(9) Aggregate
      -
------------------------------------------------------------------------------
(10) Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

------------------------------------------------------------------------------
(11) Percent of Class Represented by Amount in Row (9)
        0.00%
------------------------------------------------------------------------------
(12) Type of Reporting Person*
        IA
------------------------------------------------------------------------------
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```
CUSIP No.       577933104
                ---------

------------------------------------------------------------------------------
 (1) Names of Reporting Persons.
        I.R.S. Identification Nos. of above persons (entities only).

        BARCLAYS GLOBAL INVESTORS CANADA LIMITED
------------------------------------------------------------------------------
(2) Check the appropriate box if a member of a Group*
(a)  / /
(b)  /X/
------------------------------------------------------------------------------
(3) SEC Use Only

------------------------------------------------------------------------------
(4) Citizenship or Place of Organization
        Canada
------------------------------------------------------------------------------
Number of Shares                                (5)  Sole Voting Power
Beneficially Owned
by Each Reporting                               ------------------------------
Person With                                     (6)  Shared Voting Power
                                                        -
                                                ------------------------------
                                                (7)  Sole Dispositive Power
                                                        -
                                                ------------------------------
                                                (8)  Shared Dispositive Power
                                                        -
------------------------------------------------------------------------------
(9) Aggregate
      -
------------------------------------------------------------------------------
(10) Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

------------------------------------------------------------------------------
```

(11) Percent of Class Represented by Amount in Row (9)
0.00%

(12) Type of Reporting Person*
IA

CUSIP No. 577933104

(1) Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

BARCLAYS GLOBAL INVESTORS AUSTRALIA LIMITED

(2) Check the appropriate box if a member of a Group*
(a) / /
(b) /X/

(3) SEC Use Only

(4) Citizenship or Place of Organization
Australia

Number of Shares Beneficially Owned by Each Reporting Person With	(5) Sole Voting Power
	(6) Shared Voting Power -
	(7) Sole Dispositive Power -
	(8) Shared Dispositive Power -

(9) Aggregate
-

(10) Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

(11) Percent of Class Represented by Amount in Row (9)
0.00%

(12) Type of Reporting Person*
IA

CUSIP No. 577933104

(1) Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

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        Barclays Global Investors (Deutschland) AG
--------------------------------------------------------------------------------
(2) Check the appropriate box if a member of a Group*
(a)  / /
(b)  /X/
--------------------------------------------------------------------------------
(3) SEC Use Only

--------------------------------------------------------------------------------
(4) Citizenship or Place of Organization
        Germany
--------------------------------------------------------------------------------
Number of Shares                                (5) Sole Voting Power
Beneficially Owned
by Each Reporting                               ------------------------------
Person With                                     (6) Shared Voting Power
                                                        -
                                                ------------------------------
                                                (7) Sole Dispositive Power
                                                        -
                                                ------------------------------
                                                (8) Shared Dispositive Power
                                                        -
--------------------------------------------------------------------------------
(9) Aggregate
      -
--------------------------------------------------------------------------------
(10) Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

--------------------------------------------------------------------------------
(11) Percent of Class Represented by Amount in Row (9)
        0.00%
--------------------------------------------------------------------------------
(12) Type of Reporting Person*
        IA
--------------------------------------------------------------------------------


ITEM 1(A).      NAME OF ISSUER
                MAXIMUS INC
--------------------------------------------------------------------------------
ITEM 1(B).      ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
                Attn: Treasury Dept 11419 Sunset Hills Rd
                Reston, VA 20190
--------------------------------------------------------------------------------
ITEM 2(A).      NAME OF PERSON(S) FILING
                        BARCLAYS GLOBAL INVESTORS, NA
--------------------------------------------------------------------------------
ITEM 2(B).      ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE
                        45 Fremont Street
                                San Francisco, CA  94105
--------------------------------------------------------------------------------
ITEM 2(C).      CITIZENSHIP
                        U.S.A
--------------------------------------------------------------------------------
ITEM 2(D).      TITLE OF CLASS OF SECURITIES
                        Common Stock
--------------------------------------------------------------------------------
ITEM 2(E).      CUSIP NUMBER
                        577933104
--------------------------------------------------------------------------------
ITEM 3.         IF THIS STATEMENT IS FILED PURSUANT TO RULES 13D-1(B),
```

OR 13D-2(B), CHECK WHETHER THE PERSON FILING IS A
(a) // Broker or Dealer registered under Section 15 of the Act
(15 U.S.C. 78o).
(b) /X/ Bank as defined in section 3(a) (6) of the Act (15 U.S.C. 78c).
(c) // Insurance Company as defined in section 3(a) (19) of the Act
(15 U.S.C. 78c).
(d) // Investment Company registered under section 8 of the Investment
Company Act of 1940 (15 U.S.C. 80a-8).
(e) // Investment Adviser in accordance with section 240.13d(b)(1)(ii)(E).
(f) // Employee Benefit Plan or endowment fund in accordance with section
240.13d-1(b)(1)(ii)(F).
(g) // Parent Holding Company or control person in accordance with section
240.13d-1(b)(1)(ii)(G).
(h) // A savings association as defined in section 3(b) of the Federal Deposit
Insurance Act (12 U.S.C. 1813).
(i) // A church plan that is excluded from the definition of an investment
company under section 3(c)(14) of the Investment Company Act of 1940
(15U.S.C. 80a-3).
(j) // Group, in accordance with section 240.13d-1(b)(1)(ii)(J)

ITEM 1(A). NAME OF ISSUER
MAXIMUS INC

ITEM 1(B). ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
Attn: Treasury Dept 11419 Sunset Hills Rd
Reston, VA 20190

ITEM 2(A). NAME OF PERSON(S) FILING
BARCLAYS GLOBAL FUND ADVISORS

ITEM 2(B). ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE
45 Fremont Street
San Francisco, CA 94105

ITEM 2(C). CITIZENSHIP
U.S.A

ITEM 2(D). TITLE OF CLASS OF SECURITIES
Common Stock

ITEM 2(E). CUSIP NUMBER
577933104

ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO RULES 13D-1(B),
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(j) // Group, in accordance with section 240.13d-1(b)(1)(ii)(J)

ITEM 1(A). NAME OF ISSUER
MAXIMUS INC

ITEM 1(B). ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
Attn: Treasury Dept 11419 Sunset Hills Rd
Reston, VA 20190

ITEM 2(A). NAME OF PERSON(S) FILING
BARCLAYS GLOBAL INVESTORS, LTD

ITEM 2(B). ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE
Murray House
1 Royal Mint Court
LONDON, EC3N 4HH

ITEM 2(C). CITIZENSHIP
England

ITEM 2(D). TITLE OF CLASS OF SECURITIES
Common Stock

ITEM 2(E). CUSIP NUMBER
577933104

ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO RULES 13D-1(B), OR 13D-2(B), CHECK WHETHER THE PERSON FILING IS A
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(j) // Group, in accordance with section 240.13d-1(b)(1)(ii)(J)

ITEM 1(A). NAME OF ISSUER
MAXIMUS INC

ITEM 1(B). ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
Attn: Treasury Dept 11419 Sunset Hills Rd
Reston, VA 20190

ITEM 2(A). NAME OF PERSON(S) FILING
BARCLAYS GLOBAL INVESTORS JAPAN TRUST AND BANKING COMPANY LIMITED

ITEM 2(B). ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE
Ebisu Prime Square Tower 8th Floor
1-1-39 Hiroo Shibuya-Ku

```
                                Tokyo 150-0012 Japan
-------------------------------------------------------------------------------
ITEM 2(C).      CITIZENSHIP
                        Japan
-------------------------------------------------------------------------------
ITEM 2(D).      TITLE OF CLASS OF SECURITIES
                        Common Stock
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ITEM 2(E).      CUSIP NUMBER
                        577933104
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ITEM 1(A).      NAME OF ISSUER
                MAXIMUS INC
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ITEM 1(B).      ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
                Attn: Treasury Dept 11419 Sunset Hills Rd
                Reston, VA 20190
-------------------------------------------------------------------------------
ITEM 2(A).      NAME OF PERSON(S) FILING
        BARCLAYS GLOBAL INVESTORS JAPAN LIMITED
-------------------------------------------------------------------------------
ITEM 2(B).      ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE
                        Ebisu Prime Square Tower 8th Floor
                                1-1-39 Hiroo Shibuya-Ku
                                Tokyo 150-8402 Japan
-------------------------------------------------------------------------------
ITEM 2(C).      CITIZENSHIP
                        Japan
-------------------------------------------------------------------------------
ITEM 2(D).      TITLE OF CLASS OF SECURITIES
                        Common Stock
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ITEM 2(E).      CUSIP NUMBER
                        577933104
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ITEM 3.         IF THIS STATEMENT IS FILED PURSUANT TO RULES 13D-1(B),
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(c) //  Insurance Company as defined in section 3(a) (19) of the Act
```

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        (15U.S.C. 80a-3).
(j) //  Group, in accordance with section 240.13d-1(b)(1)(ii)(J)



ITEM 1(A).      NAME OF ISSUER
                MAXIMUS INC
------------------------------------------------------------------------------
ITEM 1(B).      ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
                Attn: Treasury Dept 11419 Sunset Hills Rd
                Reston, VA 20190
------------------------------------------------------------------------------
ITEM 2(A).      NAME OF PERSON(S) FILING
        BARCLAYS GLOBAL INVESTORS CANADA LIMITED
------------------------------------------------------------------------------
ITEM 2(B).      ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE
                        Brookfield Place 161 Bay Street
       Suite 2500, PO Box 614
                                Toronto, Canada
                        Ontario M5J 2S1
------------------------------------------------------------------------------
ITEM 2(C).      CITIZENSHIP
                        Canada
------------------------------------------------------------------------------
ITEM 2(D).      TITLE OF CLASS OF SECURITIES
                        Common Stock
------------------------------------------------------------------------------
ITEM 2(E).      CUSIP NUMBER
                        577933104
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        company under section 3(c)(14) of the Investment Company Act of 1940
        (15U.S.C. 80a-3).
(j) //  Group, in accordance with section 240.13d-1(b)(1)(ii)(J)
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ITEM 1(A).      NAME OF ISSUER
                MAXIMUS INC
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ITEM 1(B).      ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
                Attn: Treasury Dept 11419 Sunset Hills Rd
                Reston, VA 20190
-------------------------------------------------------------------------------
ITEM 2(A).      NAME OF PERSON(S) FILING
        BARCLAYS GLOBAL INVESTORS AUSTRALIA LIMITED
-------------------------------------------------------------------------------
ITEM 2(B).      ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE
                        Level 43, Grosvenor Place, 225 George Street
                        PO Box N43
                                Sydney, Australia NSW 1220

-------------------------------------------------------------------------------
ITEM 2(C).      CITIZENSHIP
                        Australia
-------------------------------------------------------------------------------
ITEM 2(D).      TITLE OF CLASS OF SECURITIES
                        Common Stock
-------------------------------------------------------------------------------
ITEM 2(E).      CUSIP NUMBER
                        577933104
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(i) //  A church plan that is excluded from the definition of an investment
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ITEM 1(A).      NAME OF ISSUER
                MAXIMUS INC
-------------------------------------------------------------------------------
ITEM 1(B).      ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES
                Attn: Treasury Dept 11419 Sunset Hills Rd
                Reston, VA 20190
-------------------------------------------------------------------------------
ITEM 2(A).      NAME OF PERSON(S) FILING
        Barclays Global Investors (Deutschland) AG
-------------------------------------------------------------------------------
ITEM 2(B).      ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE
                        Apianstrasse 6
                                D-85774
```

Unterfohring, Germany

ITEM 2(C). CITIZENSHIP
Germany

ITEM 2(D). TITLE OF CLASS OF SECURITIES
Common Stock

ITEM 2(E). CUSIP NUMBER
577933104

ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO RULES 13D-1(B), OR 13D-2(B), CHECK WHETHER THE PERSON FILING IS A

(a) // Broker or Dealer registered under Section 15 of the Act (15 U.S.C. 78o).
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(i) // A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15U.S.C. 80a-3).
(j) // Group, in accordance with section 240.13d-1(b)(1)(ii)(J)

ITEM 4. OWNERSHIP

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount Beneficially Owned:
1,137,463

(b) Percent of Class:
6.16%

(c) Number of shares as to which such person has:
- (i) sole power to vote or to direct the vote
  893,856
- (ii) shared power to vote or to direct the vote
  -
- (iii) sole power to dispose or to direct the disposition of
  1,137,463
- (iv) shared power to dispose or to direct the disposition of
  -

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS
If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five

percent of the class of securities, check the following. //

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON
The shares reported are held by the company in trust accounts for the economic benefit of the beneficiaries of those accounts. See also Items 2(a) above.

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY
Not applicable

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP Not applicable

ITEM 9. NOTICE OF DISSOLUTION OF GROUP
Not applicable

ITEM 10. CERTIFICATION

(a) The following certification shall be included if the statement is filed pursuant to section 240.13d-1(b):

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

(b) The following certification shall be included if the statement is filed pursuant to section 240.13d-1(c):

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 10, 2008

Date

Signature

Jeff Medeiros
Principal

Name/Title

x;padding-top:2px;padding-bottom:2px;padding-right:2px;">

1.03
%

54

43

Total
100
%

1.00
%

100
%

1.32
%

100
%

100
%

(1) Region designation: West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA); Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY).

(2) States presented based on those with the highest percentage of credit losses during the year ended December 31, 2016.

The REO balance, net at December 31, 2016 and 2015 associated with single-family properties was $1.2 billion and $1.7 billion, respectively, and the balance associated with multifamily properties was $0 million and $4 million, respectively. Our single-family REO inventory consisted of 11,418 properties and 17,004 properties at December 31, 2016 and 2015, respectively. In recent years, the foreclosure process has been slowed in many geographic areas, particularly in states that require a judicial foreclosure process, which extends the time it takes for loans to be foreclosed upon and the underlying property to transition to REO.

CREDIT PERFORMANCE OF CERTAIN HIGHER-RISK SINGLE-FAMILY LOAN CATEGORIES

Participants in the mortgage market often characterize single-family loans based upon their overall credit quality at the time of origination, generally considering them to be prime or subprime. Many mortgage market participants classify single-family loans with credit characteristics that range between their prime and subprime categories as Alt-A. Although we discontinued new purchases of loans with lower documentation standards beginning March 1, 2009, we continued to purchase certain amounts of these loans in cases where the loan was either:

- Purchased pursuant to a previously issued other mortgage-related guarantee;
- Part of our relief refinance initiative; or
- In another refinance loan initiative and the pre-existing loan (including Alt-A loans) was originated under less than full documentation standards.

In the event we purchase a refinance loan and the original loan had been previously identified as Alt-A, such refinance loan may no longer be categorized or reported as Alt-A in the table below because the new refinance loan replacing the original loan would not be identified by the seller/servicer as an Alt-A loan. As a result, our reported Alt-A balances may be lower than would otherwise be the case had such refinancing not occurred.

Although we do not categorize single-family loans we purchase or guarantee as prime or subprime, we recognize that there are a number of loan types with certain characteristics that indicate a higher degree of credit risk.

For example, a borrower’s credit score is a useful measure for assessing the credit quality of the borrower. Statistically, borrowers with higher credit scores are more likely to repay or have the ability to refinance than those with lower scores.

Presented below is a summary of the serious delinquency rates of certain higher-risk categories (based on characteristics of the loan at origination) of single-family loans in our single-family credit guarantee portfolio based on UPB. The table includes a presentation of each higher-risk category in isolation. A single loan may fall within more than one category (for example, an interest-only loan may also have an original LTV ratio greater than 90%). Loans with a combination of these attributes will have an even higher risk of delinquency than those with an individual attribute.

	Percentage of Portfolio(1)		Serious Delinquency Rate(1)	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Interest-only	1 %	1 %	4.34 %	6.02 %
Alt-A	2 %	2 %	5.21 %	6.32 %
Original LTV ratio greater than 90%(2)	16 %	16 %	1.58 %	2.01 %
Lower credit scores at origination (less than 620)	2 %	2 %	5.73 %	6.67 %

(1) Excludes loans underlying certain other securitization products for which data was not available.
(2) Includes HARP loans, which we purchase as part of our participation in the MHA Program.

We categorize our investments in non-agency mortgage-related securities as subprime, option ARM, or Alt-A if the securities were identified as such based on information provided to us when we entered into these transactions. We have not identified option ARM, CMBS, obligations of states and political subdivisions, and manufactured housing securities as either subprime or Alt-A securities. See Note 5 for further information on these categories and other concentrations in our investments in securities.

MULTIFAMILY MORTGAGE PORTFOLIO

Numerous factors affect a multifamily borrower's ability to repay the loan and the value of the property underlying the loan. The most significant factors affecting credit risk are rental rates and capitalization rates for the mortgaged property. Rental rates vary among geographic regions of the United States. The average UPB for multifamily loans is significantly larger than for single-family loans and, therefore, individual defaults for multifamily borrowers can result in more significant losses.

The table below summarizes the concentration of multifamily loans in our multifamily mortgage portfolio classified by legal structure, based on UPB.

	December 31, 2016			December 31, 2015		
(Dollars in billions)	UPB	Delinquency Rate(1)		UPB	Delinquency Rate(1)	
Unsecuritized loans	$42.4	0.04	%	$49.1	0.04	%
K Certificates and SB Certificates	139.4	0.02	%	103.1	0.02	%
Other securitization products	8.2	0.03	%	6.7	—	%
Other mortgage-related guarantees	9.7	—	%	9.5	—	%
Total	$199.7	0.03	%	$168.4	0.02	%

(1) Based on loans two monthly payments or more delinquent or in foreclosure.

In the multifamily mortgage portfolio, the primary concentration of credit risk is based on the legal structure of the investments we hold. Our exposure to credit risk in K Certificates and SB Certificates is minimal, as the expected credit risk is absorbed by the subordinate tranches, which are generally sold to private investors. As a result, our multifamily credit risk is primarily related to loans that have not been securitized.

SELLERS AND SERVICERS

We acquire a significant portion of our single-family and multifamily loan purchase volume from several large sellers. The table below summarizes the concentration of single-family and multifamily sellers who provided 10% or more of our purchase volume.

	2016	2015
Single-family Sellers		
Wells Fargo Bank, N.A.	15 %	12 %
Bank of America, N.A.	4	11
Other top 10 sellers	30	27
Top 10 single-family sellers	49 %	50 %
Multifamily Sellers		
CBRE Capital Markets, Inc.	19 %	15 %
Berkadia Commercial Mortgage LLC	17	13
Walker & Dunlop, LLC	10	11
Holliday Fenoglio Fowler, L.P.	8	11
Other top 10 sellers	25	28
Top 10 multifamily sellers	79 %	78 %

In recent years, there has been a shift in our single-family purchase volume from depository institutions to non-depository and smaller depository financial institutions. Some of these non-depository sellers have grown rapidly in recent years, and we purchase a significant share of our loans from them. Our top three non-depository sellers provided approximately 12% of our single-family purchase volume during 2016.

We are exposed to counterparty credit risk arising from the potential insolvency or non-performance by our sellers and servicers of their obligations to repurchase loans or (at our option) indemnify us in the event of breaches of the representations and warranties they made when they sold the loans to us or failure to comply with our servicing requirements. Our contracts require that a seller/servicer repurchase a loan after we issue a repurchase request, unless the seller/servicer avails itself of an appeals process provided for in our contracts, in which case the deadline for repurchase is extended until we decide on the appeal. As of December 31, 2016 and 2015, the UPB of loans subject to our repurchase requests issued to our single-family sellers and servicers was approximately $0.3 billion and $0.4 billion, respectively (these figures include repurchase requests for which appeals were pending). During 2016 and 2015, we recovered amounts that covered losses with respect to $0.6 billion and $0.8 billion, respectively, in UPB of loans subject to our repurchase requests.

At the direction of FHFA, Freddie Mac and Fannie Mae have revised their representation and warranty framework for conventional loans purchased by the GSEs on or after January 1, 2013. The objective of the revised framework is to clarify lenders' repurchase exposures and liability on future sales of loans to Freddie Mac and Fannie Mae. This framework does not affect seller/servicers' obligations under their contracts with us with respect to loans sold to us prior to January 1, 2013. This framework also does not affect their obligation to service these loans in accordance with our servicing standards. Under this framework, sellers are relieved of certain repurchase obligations for loans that meet specific payment requirements. This includes, subject to certain exclusions, loans with 36 months (12 months for relief refinance loans) of consecutive, on-time payments after we purchase them.

In May 2014, we announced changes to our representation and warranty framework for loans acquired on and after July 1, 2014. These changes relieve sellers of additional representations and warranties for these loans and provide relief for loans we have fully reviewed in our quality control process and determined to be acceptable. As of December 31, 2016, approximately 61% in UPB of loans in our single-family credit guarantee portfolio were purchased since January 1, 2013 and are subject to our revised representation and warranty framework.

At the direction of FHFA, we implemented a new remedies framework for the categorization of loan origination defects for loans with settlement dates on or after January 1, 2016. Among other items, the framework provides that "significant defects" will result in a repurchase request or a repurchase alternative, such as recourse or indemnification. We may require the seller to pay us additional fees or provide us with additional data on the loan.

The ultimate amounts of recovery payments we receive from seller/servicers related to their repurchase obligations may be significantly less than the amount of our estimates of potential exposure to losses. Our estimate of probable incurred losses for exposure to seller/servicers for their repurchase obligations is considered in our allowance for loan losses. See Note 4 for further information.

We are also exposed to the risk that servicers might fail to service loans in accordance with our contractual requirements, resulting in increased credit losses. For example, our servicers have an active role in our loss mitigation efforts and therefore we have exposure to them to the extent a decline in their performance results in a failure to realize the anticipated benefits of our loss mitigation plans. Since we do not have our own servicing operation, if our servicers lack appropriate controls, experience a failure in their controls, or experience an operating disruption in their ability to service loans, our business and financial results could be adversely affected.

Significant portions of our single-family and multifamily loans are serviced by several large servicers. The table below summarizes the concentration of single-family and multifamily servicers who serviced 10% or more of our single-family credit guarantee portfolio and our multifamily mortgage portfolio, excluding loans underlying multifamily securitizations where we are not in first loss position, primarily K Certificates and SB Certificates.

	December 31, 2016		December 31, 2015	
Single-family Servicers				
Wells Fargo Bank, N.A.	19	%	20	%
JPMorgan Chase Bank, N.A.	9		10	
Other top 10 sellers	32		35	
Top 10 single-family servicers	60	%	65	%
Multifamily Servicers				
Wells Fargo Bank, N.A.	15	%	16	%
CBRE Capital Markets, Inc.	14		13	
Berkadia Commercial Mortgage LLC	11		15	
Other top 10 servicers	39		35	
Top 10 multifamily servicers	79	%	79	%

In recent years, there has been a shift in our single-family servicing from depository institutions to non-depository servicers. Some of these non-depository servicers have grown rapidly in recent years and now service a large share of our loans. As of both December 31, 2016 and 2015, approximately 10% of our single-family credit guarantee portfolio was serviced by our three largest non-depository servicers, on a combined basis. One of our non-depository servicers also services a large share of the loans underlying our investments in non-agency mortgage-related securities. We routinely monitor the performance of our largest non-depository servicers.

In our multifamily business, we are exposed to the risk that multifamily seller/servicers could come under financial pressure, which could potentially cause degradation in the quality of the servicing they provide us, including their monitoring of each property's financial performance and physical condition. This could also, in certain cases, reduce the likelihood that we could recover losses through lender repurchases, recourse agreements, or other credit enhancements, where applicable. This risk primarily relates to multifamily loans that we hold on our consolidated balance sheets where we retain all of the related credit risk. We monitor the status of all our multifamily seller/servicers in accordance with our counterparty credit risk management framework.

MORTGAGE INSURERS

We have counterparty credit risk relating to the potential insolvency of, or non-performance by, mortgage insurers that insure single-family loans we purchase or guarantee. We evaluate the recovery and collectability from mortgage insurers as part of the estimate of our loan loss reserves. See Note 4 for additional information. As of December 31, 2016, mortgage insurers provided coverage with maximum loss limits of $75.0 billion, for $292.9 billion of UPB, in connection with our single-family credit guarantee portfolio. These amounts are based on gross coverage without regard to netting of coverage that may exist to the extent an affected loan is covered under both primary and pool insurance.

The table below summarizes the concentration of mortgage insurer counterparties who provided 10% or more of our overall mortgage insurance coverage. On January 3, 2017, Arch Capital Group Ltd. announced that it had completed its purchase of United Guaranty Corporation at the end of 2016. The table below reflects this transaction. On October 23, 2016, Genworth Financial, Inc. announced that it had entered into an agreement to be acquired by China Oceanwide Holdings Group Co., Ltd. Genworth Mortgage Insurance Corporation is a subsidiary of Genworth Financial, Inc.

	Credit Rating[1]	Mortgage Insurance Coverage December 31, 2016	December 31, 2015
Arch Mortgage Insurance Company	BBB+	25%	23 %
Radian Guaranty Inc.	BBB-	21	22
Mortgage Guaranty Insurance Corporation	BBB-	20	21
Genworth Mortgage Insurance Corporation	BB+	15	14
Essent Guaranty, Inc.	BBB	10	9
Total		91%	89 %

(1) Ratings are for the corporate entity to which we have the greatest exposure. Coverage amounts may include coverage provided by affiliates and subsidiaries of the counterparty. Latest rating available as of December 31, 2016. Represents the lower of S&P and Moody's credit ratings stated in terms of the S&P equivalent.

We received proceeds of $0.5 billion and $0.7 billion during 2016 and 2015, respectively, from our primary and pool mortgage insurance policies for recovery of losses on our single-family loans. We had outstanding receivables from mortgage insurers of $0.1 billion and $0.3 billion (excluding deferred payment obligations associated with unpaid claim amounts) as of December 31, 2016 and 2015, respectively. The balance of these receivables, net of associated reserves, was approximately $0.1 billion and $0.2 billion at December 31, 2016 and 2015, respectively.

PMI Mortgage Insurance Co. and Triad Guaranty Insurance Corp. are both under the control of their state regulators and are in run-off. A substantial portion of their claims is recorded by us as deferred payment obligations. These insurers no longer issue new insurance but continue to pay a portion of their respective claims in cash. In 2014, PMI began paying valid claims 67% in cash and 33% in deferred payment obligations and made a one-time cash payment to us for claims that were previously settled for 55% in cash. In 2015, PMI began paying valid claims 70% in cash and 30% in deferred payment obligations and made a one-time cash payment to us for claims that were previously settled for 67% in cash. In 2013, Triad began paying valid claims 75% in cash and 25% in deferred payment obligations and made a one-time cash payment to us for claims that were previously settled for 60% in cash. If, as we currently expect, these insurers do not pay the full amount of their deferred payment obligations in cash, we would lose a portion of the coverage from these insurers. As of both December 31, 2016 and 2015, we had cumulative unpaid deferred payment obligations of $0.5 billion from these insurers. We reserved for all of these unpaid amounts as collectability is uncertain. It is not clear how the regulators of these companies will administer their respective deferred payment plans in the future, nor when or if those obligations will be paid.

RMIC is under regulatory supervision and is no longer issuing new insurance. In 2014, RMIC resumed paying valid claims at 100% of the claim amount. Previously, RMIC had been paying all valid claims 60% in cash and 40% in deferred payment obligations.

BOND INSURERS

Bond insurance is a credit enhancement covering certain of the non-agency mortgage-related securities we hold. Some policies were acquired by the securitization trust that issued the securities we purchased, while others were acquired by us. At December 31, 2016, the maximum principal exposure to credit losses related to such policies was $5.2 billion. At December 31, 2016, our top four bond insurers, Ambac Assurance Corporation (Ambac), National Public Finance Guarantee Corp., Financial Guaranty Insurance Company (FGIC), and MBIA Insurance Corp., each accounted for more than 10% of our overall bond insurance coverage and collectively represented approximately 94% of our coverage.

In 2012, a rehabilitation order was signed granting the Superintendent of Financial Services of the State of New York the authority to take possession and/or control of FGIC's property and assets and to conduct FGIC's business. In 2013, FGIC's plan of rehabilitation was approved, under which permitted claims are paid 17% in cash and the remainder in deferred payment obligations.

In 2010, Ambac established a segregated account for certain Ambac-insured securities, including some of those held by Freddie Mac. Upon the request of the Wisconsin Office of the Commissioner of Insurance, the Wisconsin circuit court put the segregated account into rehabilitation (i.e., a state insolvency proceeding). The Office of the Commissioner of Insurance subsequently filed a plan of rehabilitation with the court. In 2012, Ambac began making partial cash payments of 25% of the permitted amount of each policy claim. In 2013, Ambac began making supplemental payments, equal to all or a portion of the permitted policy claim, with respect to certain specified securities. In 2014, an amended plan was approved by the court. The amended plan provided for Ambac to increase the amount of cash payments to 45% of the permitted amount of each policy claim, with the remainder to be paid in deferred payment obligations. Ambac made a one-time cash payment to us for claims that were previously settled for 25% in cash.

We expect to receive substantially less than full payment of our claims from Ambac and FGIC as these companies are either insolvent or in rehabilitation. We believe that we will also likely receive substantially less than full payment of our claims from some of our other bond insurers, because we believe they also lack sufficient ability to fully meet all of their expected lifetime claims-paying obligations to us as such claims emerge. We evaluate the expected recovery from bond insurance policies as part of our impairment analysis for our investments in securities. Bond insurance is included as a feature at issuance of some of our non-agency mortgage-backed securities. The expected benefits from bond insurers, or the inability of bond insurers to perform on their obligations, is captured in the fair value of these securities. See Note 5 for further information on our investments in securities covered by bond insurance.

CASH AND OTHER INVESTMENT COUNTERPARTIES

We are exposed to counterparty credit risk relating to the potential insolvency of, or the non-performance by, counterparties relating to cash and other investments (including non-mortgage-related securities and cash equivalents) transactions, including those entered into on behalf of our securitization trusts. Our policies require that the issuer be rated as investment grade at the time the financial instrument is purchased. We base the permitted term and dollar limits for each of these transactions on the counterparty's financial strength in order to further mitigate our risk.

Our cash and other investments (including non-mortgage-related securities and cash equivalents) counterparties are primarily major financial institutions, including other GSEs, Treasury, the Federal Reserve Bank of New York, highly-rated supranational institutions, and government money market funds. As of December 31, 2016 and 2015, including amounts related to our consolidated VIEs, there were $73.8 billion and $83.8 billion, respectively, of cash and securities purchased under agreements to resell invested with counterparties, U.S.Treasury securities classified as cash equivalents, or cash deposited with the Federal Reserve Bank of New York. As of December 31, 2016, all of our securities purchased under agreements to resell were fully collateralized.

NON-AGENCY MORTGAGE-RELATED SECURITY ISSUERS

We are engaged in various loss mitigation efforts concerning certain investments in non-agency mortgage-related securities, including the matters described below.

In 2011, FHFA, as Conservator for Freddie Mac and Fannie Mae, filed lawsuits against a number of corporate families of financial institutions and related defendants alleging securities laws violations and, in some cases, fraud. The lawsuits against Nomura Holding America, Inc. (or Nomura) and The Royal Bank of Scotland Group PLC remain outstanding. In March 2015, FHFA's case against Nomura went to trial in the U.S. District Court for the Southern District of New York. In May 2015, the judge ruled against the defendants and ordered them to pay an aggregate of $806 million, of which $779 million will be paid to Freddie Mac. The order also provides for Freddie Mac to transfer the mortgage-related securities at issue in this trial to the defendants. The defendants have agreed to pay for certain costs, legal fees and expenses if FHFA prevails in the litigation. This expense reimbursement payment is subject to various conditions, and is capped at $33 million (half of any such payment would be made to Freddie Mac). The defendants have filed a notice of appeal and the Court has stayed enforcement of the judgment during the pendency of the appeal.

We worked with three investor consortia to enforce certain claims with Countrywide, Citigroup and J.P. Morgan Chase & Co., respectively, relating to a number of non-agency mortgage-related securities. Settlement agreements were entered into with respect to these claims. Our benefit from the related settlements, which totaled approximately $418 million, will be recognized in earnings over the expected remaining life of the securities, unless the securities are sold, at which time the benefit would be considered in the sales price of the securities.

The majority of the single-family loans underlying our investments in non-agency mortgage-related securities is serviced by non-depository servicers. As of December 31, 2016 and 2015, approximately $8.4 billion and $13.0 billion, respectively, in UPB of loans underlying our investments in single-family non-agency mortgage-related securities were serviced by subsidiaries and/or affiliates of Ocwen Financial Corp.

NOTE 13: FAIR VALUE DISCLOSURES

The accounting guidance for fair value measurements and disclosures defines fair value, establishes a framework for measuring fair value, and sets forth disclosure requirements regarding fair value measurements. This guidance applies whenever other accounting guidance requires or permits assets or liabilities to be measured at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

We use fair value measurements for the initial recording of certain assets and liabilities and periodic remeasurement of certain assets and liabilities on a recurring or non-recurring basis.

FAIR VALUE MEASUREMENTS

The accounting guidance for fair value measurements and disclosures establishes a three-level fair value hierarchy that prioritizes the inputs into the valuation techniques used to measure fair value. The levels of the fair value hierarchy are defined as follows in priority order:

- Level 1 - inputs to the valuation techniques are based on quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs to the valuation techniques are based on observable inputs other than quoted prices in active markets for identical assets or liabilities.
- Level 3 - one or more inputs to the valuation technique are unobservable and significant to the fair value measurement.

We use quoted market prices and valuation techniques that seek to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs. Our inputs are based on the assumptions a market participant would use in valuing the asset or liability. Assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

VALUATION RISK AND CONTROLS OVER FAIR VALUE MEASUREMENTS

Valuation risk is the risk that fair values used for financial disclosures, risk metrics and performance measures do not reasonably reflect market conditions and prices.

We designed our control processes so that our fair value measurements are appropriate and reliable, that they are based on observable inputs where possible, and that our valuation approaches are consistently applied and the assumptions and inputs are reasonable. Our control processes provide a framework for segregation of duties and oversight of our fair value methodologies, techniques, validation procedures, and results.

Groups within our Finance Division, independent of our business functions, execute and validate the valuation processes and are responsible for determining the fair values of the majority of our financial assets and liabilities. In determining fair value, we consider the credit risk of our counterparties in estimating the fair values of our assets and our own credit risk in estimating the fair values of our liabilities. The fair values determined by our Finance Division are further verified by an independent group within our ERM Division. The independent validation procedures performed by ERM Division are intended to ensure that the prices we receive from third parties are consistent with our observations of market activity, and that fair value measurements developed using internal data reflect the assumptions that a market participant would use in pricing our assets and liabilities. These validation procedures include performing a daily price review and a monthly independent verification of fair value measurements through independent modeling, analytics, and comparisons to other market source data, if available. Where applicable, prices are back-tested by comparing actual transaction prices to our fair value measurements. Analytical procedures include automated checks consisting of prior-period variance analysis, comparisons of actual prices to internally calculated expected prices based on observable market changes, analysis of changes in pricing ranges, relative value comparisons, and comparisons using modeled yields. Thresholds are set for each product category by ERM Division to identify exceptions that require further analysis. If a price is outside of our established thresholds, we perform additional verification procedures, including supplemental analytics and/or follow up discussions with the third-party provider. If we are unable to validate the reasonableness of a given price, we ultimately do not use that price for fair value measurements in our consolidated financial statements. These procedures are risk-based and are executed before we finalize the prices used in preparing our fair value measurements for our financial statements.

In addition to performing the validation procedures noted above, ERM Division provides independent risk governance over all valuation processes by establishing and maintaining a corporate-wide valuation framework and control policy. ERM Division also independently reviews significant judgments, methodologies, and valuation techniques to ensure compliance with established policies.

Our Valuation & Finance Model Committee ("Valuation Committee"), which includes representation from our business areas, ERM Division, and Finance Division, provides senior management's governance over valuation processes, methodologies, controls and fair value measurements. Identified exceptions are reviewed and resolved through the verification process and reviewed at the Valuation Committee.

Where models are employed to assist in the measurement and verification of fair values, changes made to those models during the period are reviewed and approved according to the corporate model change governance process, with all material changes reviewed at the Valuation Committee. Inputs used by models are regularly updated for changes in the underlying data, assumptions, valuation inputs, and market conditions, and are subject to the valuation controls noted above.

Use of Third-Party Pricing Data in Fair Value Measurement

Many of our valuation techniques use, either directly or indirectly, data provided by third-party pricing services or dealers. The techniques used by these pricing services and dealers to develop the prices generally are either:

- A comparison to transactions involving instruments with similar collateral and risk profiles, adjusted as necessary based on specific characteristics of the asset or liability being valued; or
- Industry-standard modeling, such as a discounted cash flow model.

The prices provided by the pricing services and dealers reflect their observations and assumptions related to market activity, including risk premiums and liquidity adjustments. The models and related assumptions used by the pricing services and dealers are owned and managed by them and, in many cases, the significant inputs used in the valuation techniques are not reasonably available to us. However, we have an understanding of the processes and assumptions used to develop the prices based on our ongoing due diligence, which includes discussions with our vendors at least annually and often more frequently. We believe that the procedures executed by the pricing services and dealers, combined with our internal verification and analytical procedures, provide assurance that the prices used in our financial statements comply with the accounting guidance for fair value measurements and disclosures and reflect the assumptions that a market participant would use in pricing our assets and liabilities. The price quotes we receive are non-binding both to us and to our counterparties.

In many cases, we receive quotes from third-party pricing services or dealers and use those prices without adjustment. For a large majority of the assets and liabilities we value using pricing services and dealers, we obtain quotes from multiple external sources and use the median of the prices to measure fair value. This technique is referred to below as "median of external sources." The significant inputs used in the fair value measurement of assets and liabilities that are valued using the median of external sources pricing technique are the third-party quotes. Significant increases (decreases) in any of the third-party quotes in isolation may result in a significantly higher (lower) fair value measurement. In limited circumstances, we may be able to receive pricing information from only a single external source. This technique is referred to below as "single external source."

VALUATION TECHNIQUES

The following table contains a description of the valuation techniques we use for fair value measurement and disclosure; the significant inputs used in those techniques (if applicable); the classification within the fair value hierarchy; and, for those measurements that we report on our consolidated balance sheets and are classified as Level 3 of the hierarchy, a narrative description of the sensitivity of the fair value measurement to changes in significant unobservable inputs. Although the sensitivities of the unobservable inputs are discussed below in isolation, interrelationships exist among the inputs such that a change in one unobservable input can result in a change to one or more of the other inputs. For example, the most common interrelationship that affects the majority of our fair value measurements is between future interest rates, prepayment speeds, and probabilities of default. Generally, a change in the assumption used for future interest rates results in a directionally opposite change in the assumption used for prepayment speeds and a directionally similar change in the assumption used for probabilities of default.

Each technique discussed below may not be used in a given reporting period, depending on the composition of our assets and liabilities measured at fair value and relevant market activity during that period.

Instrument	Valuation Technique	Classification in the Fair Value Hierarchy
Securities		
U.S. Treasury Securities	Valuations are based on quoted prices in active markets.	Level 1

Instrument	Valuation Technique	Classification in the Fair Value Hierarchy
Agency mortgage-related securities	Valuations are based on:	
	Fixed-rate single-class: Observable prices for similar TBA securities adjusted for specific collateral characteristics	Level 2
	Adjustable-rate single-class and majority of multi-class securities: Median of external sources	Predominantly Level 2
	Certain multi-class securities: Single external source	Levels 2 and 3
	Certain multi-class securities with limited market activity: Discounted cash flows or risk metric pricing. Under risk metric pricing, securities are valued by starting with a prior period price and adjusting that price for market changes in certain key risk metrics such as key rate durations. Significant inputs used in the discounted cash flow technique include OAS. Significant inputs used in the risk metric pricing technique include key risk metrics, such as key rate durations. Significant increases (decreases) in the OAS in isolation would result in a significantly lower (higher) fair value. Significant increases(decreases) in key rate durations in isolation would result in a significant increase (decrease) in the magnitude of change of fair value measurement in response to key rate movements	Level 3
Commercial mortgage-related securities	Valuations are based on the median of external sources or, in limited circumstances, a single external source.	Predominantly Level 2
Other non-agency mortgage-related securities	Valuations are based on the median of external sources.	Level 3
Mortgage Loans		
Single-family loans	Valuations are based on:	
	GSE Securitization Market: Benchmark security pricing for actively traded mortgage-related securities with similar characteristics, adjusting for the value of our guarantee fee and our credit obligation related to performing our guarantee (see Guarantee Obligation). The credit obligation is based on: delivery and guarantee fees we charge under current market pricing for loans that qualify under our current underwriting standards (Level 2) and internal credit models for loans that do not qualify under our current underwriting standards (Level 3).	Level 2 or 3
	Whole Loan Market: Median of external sources, referencing market activity for deeply delinquent and modified loans, where available	Level 3
	Impaired held-for-investment: Internal models that estimate the fair value of the underlying collateral for impaired loans. Significant inputs used by our internal models include REO disposition, short sale and third-party sale values, combined with mortgage loan level characteristics using the repeat housing sales index to estimate the current fair value of the mortgage loan. Significant	Level 3

increases (decreases) in the historical average sales proceeds per mortgage loan in isolation would result in significantly higher (lower) fair value measurements.

Instrument	Valuation Technique	Classification in the Fair Value Hierarchy
Multifamily loans	Valuations are based on:	
	Held-for-sale: Market prices from a third-party pricing service, using discounted cash flows based on K Certificate and SB Certificates market spreads	Level 2
	Held-for-investment: Market prices from a third-party pricing service using discounted cash flows incorporating credit spreads for similar loans based on the loan's LTV and DSCR	Level 3
Derivative Assets, Net and Derivative Liabilities, Net		
Derivatives	Valuations are based on:	
	Exchange-traded futures: Quoted prices in active markets	Level 1
	Interest-rate swaps: Discounted cash flows. Significant inputs include market-based interest rates.	Level 2
	Option-based derivatives: Option-pricing models. Significant inputs include Interest-rate volatility matrices.	Level 2
	Purchase and Sale Commitments: see Agency Mortgage-Related Securities	Level 2
Other Assets and Other Liabilities		
Guarantee asset	Valuations are based on:	
	Single-family: Median of external sources with adjustments for specific loan characteristics	Level 3
	Multifamily: Discounted cash flows. Significant inputs include current OAS-to-benchmark interest rates for new guarantees. Significant increases (decreases) in the OAS in isolation would result in a significantly lower (higher) fair value measurement.	Level 3
Mortgage servicing rights	Valuations are based on market prices from a third party using discounted cash flows. Significant inputs include: Estimated prepayment rates, Estimated costs to service both performing and non-accrual loans, and Estimated servicing income per loan (including ancillary income). Significant increases (decreases) in cost to service per loan and prepayment rate in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in servicing income per loan in isolation would result in a significantly higher (lower) fair value measurement.	Level 3
Single-family REO	Valuations are based on an internal model, which uses REO disposition prices combined with loan level characteristics, using the repeat housing sales index. Significant inputs include the historical sales proceeds per property and the repeat housing sales index. Significant increases (decreases) in the historical sales proceeds per property in isolation would result in significantly higher (lower) fair value measurement.	Level 3

Instrument	Valuation Technique	Classification in the Fair Value Hierarchy
Guarantee obligation	Valuations are based on:	
	Single-family	
	The delivery and guarantee fees that we charge under our current market pricing	Level 2
	Internal credit models. Significant inputs include loan characteristics, loan performance, and status information.	Level 3
	Multifamily: Discounted cash flows. Significant inputs are similar to those used in the valuation technique for the Multifamily Guarantee Asset.	Level 3
Debt		
Debt securities of consolidated trusts held by third parties	Valuations are based on the valuation techniques we use to value our investments in agency securities.	Level 2 or 3
Other debt	Valuations are based on:	Predominantly Level 2
	Median of external sources	
	Single external source	
	Published yield matrices	

HARP Loans

For loans that have been refinanced under HARP, we value our guarantee obligation using the guarantee fees currently charged by us under that initiative. HARP loans valued using this technique are classified as Level 2, as the fees charged by us are observable. The majority of our HARP loans are classified as Level 2. If, subsequent to delivery, the refinanced loan no longer qualifies for purchase based on current underwriting standards (such as becoming past due or being modified), the fair value of the guarantee obligation is then measured using our internal credit models or the median of external sources, if the loan's principal market has changed to the whole loan market. HARP loans valued using either of these techniques are classified as Level 3 as significant inputs are unobservable.

The total compensation that we receive for the delivery of a HARP loan reflects the pricing that we are willing to offer because HARP is a part of a broader government program intended to provide assistance to homeowners and prevent foreclosures. When HARP ends in September 2017, the beneficial pricing afforded to HARP loans may no longer be reflected in the pricing structure of our guarantee fees. If these benefits were not reflected in the pricing for these loans, the fair value of our loans would have decreased by \$5.3 billion and \$12.9 billion as of December 31, 2016 and 2015, respectively. The total fair value of the loans in our portfolio that reflect the pricing afforded to HARP loans as of December 31, 2016 and 2015 was \$52.8 billion and \$82.8 billion, respectively.

ASSETS AND LIABILITIES ON OUR CONSOLIDATED BALANCE SHEETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following tables present our assets and liabilities measured on our consolidated balance sheets at fair value on a recurring basis subsequent to initial recognition, including instruments where we have elected the fair value option.

	December 31, 2016				
(In millions)	Level 1	Level 2	Level 3	Netting Adjustment[1]	Total
Assets:					
Investments in securities:					
Available-for-sale, at fair value:					
Mortgage-related securities:					
Freddie Mac	$—	$33,805	$9,847	$—	$43,652
Other agency	—	4,155	66	—	4,221
Non-agency RMBS	—	—	11,797	—	11,797
Non-agency CMBS	—	3,056	3,366	—	6,422
Obligations of states and political subdivisions	—	—	665	—	665
Total available-for-sale securities, at fair value	—	41,016	25,741	—	66,757
Trading, at fair value:					
Mortgage-related securities:					
Freddie Mac	—	14,248	1,095	—	15,343
Other agency	—	8,149	12	—	8,161
All other	—	36	113	—	149
Total mortgage-related securities	—	22,433	1,220	—	23,653
Non-mortgage-related securities	19,402	1,735	—	—	21,137
Total trading securities, at fair value	19,402	24,168	1,220	—	44,790
Total investments in securities	19,402	65,184	26,961	—	111,547
Mortgage loans:					
Held-for-sale, at fair value	—	16,255	—	—	16,255
Derivative assets, net:					
Interest-rate swaps	—	6,924	—	—	6,924
Option-based derivatives	—	5,054	—	—	5,054
Other	—	287	3	—	290
Subtotal, before netting adjustments	—	12,265	3	—	12,268
Netting adjustments[1]	—	—	—	(11,521)	(11,521)
Total derivative assets, net	—	12,265	3	(11,521)	747
Other assets:					
Guarantee asset, at fair value	—	—	2,298	—	2,298
Non-derivative held-for-sale purchase commitments, at fair value	—	108	—	—	108
All other, at fair value	—	—	2	—	2
Total other assets	—	108	2,300	—	2,408
Total assets carried at fair value on a recurring basis	$19,402	$93,812	$29,264	($11,521)	$130,957
Liabilities:					
Debt securities of consolidated trusts held by third parties, at fair value	$—	$144	$—	$—	$144
Other debt, at fair value	—	5,771	95	—	5,866
Derivative liabilities, net:					
Interest-rate swaps	—	12,387	—	—	12,387

Option-based derivatives	—	106	—	—	106
Other	—	147	52	—	199
Subtotal, before netting adjustments	—	12,640	52	—	12,692
Netting adjustments[1]	—	—	—	(11,897)	(11,897)
Total derivative liabilities, net	—	12,640	52	(11,897)	795
Other liabilities:					
Non-derivative held-for-sale purchase commitments, at fair value	—	37	—	—	37
Total liabilities carried at fair value on a recurring basis	$—	$18,592	$147	($11,897)	$6,842

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	December 31, 2015				
(In millions)	Level 1	Level 2	Level 3	Netting Adjustment[1]	Total
Assets:					
Investments in securities:					
Available-for-sale, at fair value:					
Mortgage-related securities:					
Freddie Mac	$—	$30,919	$2,608	$—	$33,527
Other agency	—	7,333	91	—	7,424
Non-agency RMBS	—	—	20,333	—	20,333
Non-agency CMBS	—	8,918	3,530	—	12,448
Obligations of states and political subdivisions	—	—	1,205	—	1,205
Total available-for-sale securities, at fair value	—	47,170	27,767	—	74,937
Trading, at fair value:					
Mortgage-related securities:					
Freddie Mac	—	15,182	331	—	15,513
Other agency	—	6,427	41	—	6,468
All other	—	144	2	—	146
Total mortgage-related securities	—	21,753	374	—	22,127
Non-mortgage-related securities	17,151	—	—	—	17,151
Total trading securities, at fair value	17,151	21,753	374	—	39,278
Total investments in securities	17,151	68,923	28,141	—	114,215
Mortgage loans:					
Held-for-sale, at fair value	—	17,660	—	—	17,660
Derivative assets, net:					
Interest-rate swaps	—	4,911	—	—	4,911
Option-based derivatives	—	4,821	—	—	4,821
Other	—	34	25	—	59
Subtotal, before netting adjustments	—	9,766	25	—	9,791
Netting adjustments[1]	—	—	—	(9,396)	(9,396)
Total derivative assets, net	—	9,766	25	(9,396)	395
Other assets:					
Guarantee asset, at fair value	—	—	1,753	—	1,753
Total assets carried at fair value on a recurring basis	$17,151	$96,349	$29,919	($9,396)	$134,023
Liabilities:					
Debt securities of consolidated trusts held by third parties, at fair value	$—	$139	$—	$—	$139
Other debt, at fair value	—	7,045	—	—	7,045
Derivative liabilities, net:					
Interest-rate swaps	—	12,222	—	—	12,222
Option-based derivatives	—	128	—	—	128
Other	—	28	33	—	61
Subtotal, before netting adjustments	—	12,378	33	—	12,411
Netting adjustments[1]	—	—	—	(11,157)	(11,157)

Total derivative liabilities, net	—	12,378	33	(11,157	)	1,254
Other liabilities:						
All other, at fair value	—	—	10	—		10
Total liabilities carried at fair value on a recurring basis	$—	$19,562	$43	($11,157	)	$8,448

(1) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

ASSETS ON OUR CONSOLIDATED BALANCE SHEETS MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis after our initial recognition. These adjustments usually result from the application of lower-of-cost-or-fair-value accounting or measurement of impairment based on the fair value of the underlying collateral.
The table below presents assets measured on our consolidated balance sheets at fair value on a non-recurring basis.

	December 31,							
	2016				2015			
(In millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a non-recurring basis:								
Mortgage loans[1]	$—	$199	$2,483	$2,682	$—	$1,130	$5,851	$6,981

(1) Includes loans that are classified as held-for-investment and have been measured for impairment based on the fair value of the underlying collateral and held-for-sale loans where the fair value is below cost.

LEVEL 3 FAIR VALUE MEASUREMENTS

The table below presents a reconciliation of all assets and liabilities measured on our consolidated balance sheets at fair value on a recurring basis using significant unobservable inputs (Level 3), including transfers into and out of Level 3 assets and liabilities. The table also presents gains and losses due to changes in fair value, including both realized and unrealized gains and losses, recognized in our consolidated statements of comprehensive income for Level 3 assets and liabilities. When assets and liabilities are transferred between levels, we recognize the transfer as of the beginning of the period.

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	Year Ended December 31, 2016											
		Realized and unrealized gains (losses)										
	Balance, January 1, 2016	Included in earnings	Included in other comprehensive income[1]	Total	Purchases	Issues	Sales	Settlements, net	Transfers into Level 3[2]	Transfers out of Level 3[2]	Balance, December 31, 2016	Unrealized gains (losses) still held
	(In millions)											
Assets												
Investments in securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Freddie Mac	$2,608	$10	($71)	($61)	$8,894	$—	($605)	($703)	$29	($315)	$9,847	($9)
Other agency	91	—	(2)	(2)	—	—	—	(17)	—	(6)	66	—
Non-agency RMBS	20,333	877	55	932	—	—	(6,286)	(3,182)	—	—	11,797	236
Non-agency CMBS	3,530	2	(132)	(130)	—	—	—	(34)	—	—	3,366	2
Obligations of states and political subdivisions	1,205	1	(10)	(9)	—	—	—	(531)	—	—	665	—
Total available-for-sale mortgage-related securities	27,767	890	(160)	730	8,894	—	(6,891)	(4,467)	29	(321)	25,741	229
Trading, at fair value:												
Mortgage-related securities:												
Freddie Mac	331	(21)	—	(21)	869	—	(142)	(3)	190	(129)	1,095	(20)
Other agency	41	—	—	—	—	—	(22)	(7)	—	—	12	(1)
All other	2	—	—	—	114	—	—	(3)	—	—	113	—
Total trading mortgage-related securities	374	(21)	—	(21)	983	—	(164)	(13)	190	(129)	1,220	(21)
Other assets:												
Guarantee asset[3]	1,753	53	—	53	—	850	—	(358)	—	—	2,298	54
All other, at fair value	—	(2)	—	(2)	14	—	—	—	(10)	—	2	(2)
Total other assets	1,753	51	—	51	14	850	—	(358)	(10)	—	2,300	52

Realized and unrealized (gains) losses

	Balance, January 1, 2016	Included in earnings(1)	Included in other comprehensive income(1)	Total	Purchases	Issues	Sales	Settlements, net	Transfers into Level 3(2)	Transfers out of Level 3(2)	Balance, December 31, 2016	Unrealized (gains) losses still held
	(In millions)											
Liabilities												
Other debt, at fair value	$—	$—	$—	$—	$—	$95	$—	$—	$—	$—	$95	$—
Net derivatives(4)	8	68	—	68	—	2	—	(26)	—	—	52	40
Other liabilities:												
All other, at fair value	10	—	—	—	—	—	—	—	—	(10)	—	—

	Year Ended December 31, 2015											
		Realized and unrealized gains (losses)										
	Balance, January 1, 2015	Included in earnings[1]	Included in other comprehensive income[1]	Total	Purchases	Issues	Sales	Settlements, net	Transfers into Level 3[2]	Transfers out of Level 3[2]	Balance, December 31, 2015	Unrealized gains (losses) still held
	(In millions)											
Assets												
Investments in securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Freddie Mac	$4,231	$28	$3	$31	$671	$—	($665)	$93	$—	($1,753)	$2,608	($3)
Other agency	89	—	3	3	—	—	—	(29)	37	(9)	91	—
Non-agency RMBS	31,903	1,313	(54)	1,259	—	—	(8,840)	(4,003)	14	—	20,333	417
Non-agency CMBS	3,474	(20)	109	89	—	—	—	(33)	—	—	3,530	(20)
Obligations of states and political subdivisions	2,198	2	(15)	(13)	—	—	—	(981)	1	—	1,205	—
Total available-for-sale mortgage-related securities	41,895	1,323	46	1,369	671	—	(9,505)	(4,953)	52	(1,762)	27,767	394
Trading, at fair value:												
Mortgage-related securities:												
Freddie Mac	927	(42)	—	(42)	36	—	(10)	(11)	91	(660)	331	(41)
Other agency	233	3	—	3	—	—	(95)	(2)	—	(98)	41	(12)
All other	4	3	—	3	—	—	(4)	(1)	—	—	2	—
Total trading mortgage-related securities	1,164	(36)	—	(36)	36	—	(109)	(14)	91	(758)	374	(53)
Other assets:												
Guarantee asset[3]	1,626	(47)	—	(47)	—	688	—	(514)	—	—	1,753	(33)
All other, at fair value	5	(5)	—	(5)	—	—	—	—	—	—	—	—
Total other assets	1,631	(52)	—	(52)	—	688	—	(514)	—	—	1,753	(33)

		Realized and unrealized (gains) losses										
	Balance, January 1, 2015	Included in earnings[1]	Included in other comprehensive income[1]	Total	Purchases	Issues	Sales	Settlements, net	Transfers into Level 3[2]	Transfers out of Level 3[2]	Balance, December 31, 2015	Unrealized (gains) losses still held
	(In millions)											

Liabilities												
Net derivatives[4]	$10	($5)	$—	($5)	$—	$—	$—	$3	$—	$—	$8	$2
Other liabilities:												
All other, at fair value	—	10	—	10	—	—	—	—	—	—	$10	15

(1) Changes in fair value for available-for-sale securities are recorded in AOCI, while gains and losses from sales are recorded in other gains (losses) on investment securities recognized in earnings on our consolidated statements of comprehensive income. For mortgage-related securities classified as trading, the realized and unrealized gains (losses) are recorded in other gains (losses) on investment securities recognized in earnings on our consolidated statements of comprehensive income.

(2) Transfers out of Level 3 during the year ended December 31, 2016 consisted primarily of certain mortgage-related securities due to an increased volume and level of activity in the market and availability of price quotes from dealers and third-party pricing services. Certain Freddie Mac securities are classified as Level 3 at issuance and generally are classified as Level 2 when they begin trading. Transfers into Level 3 during the year ended December 31, 2016 consisted primarily of certain mortgage-related securities due to a lack of market activity and relevant price quotes from dealers and third-party pricing services.

(3) Changes in fair value of the guarantee asset are recorded in other income on our consolidated statements of comprehensive income.

(4) Amounts are prior to counterparty netting, cash collateral netting, net trade/settle receivable or payable and net derivative interest receivable or payable.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for assets and liabilities measured on our consolidated balance sheets at fair value on a recurring basis using unobservable inputs (Level 3).

	December 31, 2016				
	Level 3	Predominant	Unobservable Inputs		
(Dollars in millions, except for certain unobservable inputs as shown)	Fair Value	Valuation Technique(s)	Type	Range	Weighted Average
Recurring fair value measurements					
Assets					
Investments in securities					
Available-for-sale, at fair value					
Mortgage-related securities					
Freddie Mac	$7,619	Discounted cash flows	OAS	(146) - 500 bps	91 bps
	129	Median of external sources	External pricing sources	$100.8 - $103.3	$101.8
	66	Single external source			
	60	Risk Metrics			
	1,973	Other			
Total Freddie Mac	9,847				
Other agency	32	Median of external sources			
	23	Single external source			
	11	Other			
Total other agency	66				
Non-agency RMBS	9,974	Median of external sources	External pricing sources	$74.0 - $78.8	$76.0
	1,823	Other			
Total non-agency RMBS	11,797				
Non-agency CMBS	3,365	Risk Metrics	Effective duration	2.15 - 10.02 years	8.57 years
	1	Other			
Total non-agency CMBS	3,366				
Obligations of states and political subdivisions	619	Median of external sources	External pricing sources	$100.9 - $101.5	$101.2
	46	Other			
Total obligations of states and political subdivisions	665				
Total available-for-sale mortgage-related securities	25,741				
Trading, at fair value					
Mortgage-related securities					

Freddie Mac	452	Risk metrics	Effective duration	(5.07) - 46.37 years	6.94 years
	311	Discounted cash flows	OAS	(3,346) - 2,460 bps	(224) bps
	5	Single external source			
	4	Median of external sources			
	323	Other			
Total Freddie Mac	1,095				
Other agency	12	Discounted cash flows			
All other	113	Risk metrics	Effective duration	0.14 - 4.08 years	2.52 years
Total trading mortgage-related securities	1,220				
Total investments in securities	$26,961				
Other assets:					
Guarantee asset, at fair value	$2,091	Discounted cash flows	OAS	17 - 198 bps	50 bps
	207	Other			
Total guarantee asset, at fair value	2,298				
All other at fair value	2	Other			
Total other assets	2,300				
Liabilities					
Other debt, at fair value	95	Other			
Net derivatives	49	Other			

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(Dollars in millions, except for certain unobservable inputs as shown)	December 31, 2015 Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs Type	Range	Weighted Average
Recurring fair value measurements					
Assets					
Investments in securities					
Available-for-sale, at fair value					
Mortgage-related securities					
Freddie Mac	$2,145	Discounted cash flows	OAS	(46) - 503 bps	86 bps
	463	Other			
Total Freddie Mac	2,608				
Other agency	37	Median of external sources			
	36	Single external source			
	18	Other			
Total other agency	91				
Non-agency RMBS	17,948	Median of external sources	External pricing sources	$74.1 - $78.3	$76.0
	2,385	Other			
Total non-agency RMBS	20,333				
Non-agency CMBS	3,530	Risk Metrics	Effective duration	3.15 - 11.02 years	9.57 years
Obligations of states and political subdivisions	1,099	Median of external sources	External pricing sources	$101.4 - $101.8	$101.6
	106	Other			
Total obligations of states and political subdivisions	1,205				
Total available-for-sale mortgage-related securities	27,767				
Trading, at fair value					
Mortgage-related securities					
Freddie Mac	249	Discounted cash flows	OAS	(1,315) - 1,959 bps	129 bps
	19	Risk Metrics			
	63	Other			
Total Freddie Mac	331				
Other agency	41	Discounted cash flows			
All other	1	Discounted cash flows			
	1				

		Median of external sources			
Total all other	2				
Total trading mortgage-related securities	374				
Total investments in securities	$28,141				
Other assets:					
Guarantee asset, at fair value	$1,623	Discounted cash flows	OAS	17 - 198 bps	57 bps
	130	Other			
Total guarantee asset, at fair value	1,753				
Liabilities					
Net derivatives	8	Other			
Other liabilities:					
All other, at fair value	10	Other			

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for assets and liabilities measured on our consolidated balance sheets at fair value on a non-recurring basis using unobservable inputs (Level 3). Certain of the fair values in the table below were not obtained as of the period end, but were obtained during the period.

	December 31, 2016				
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs Type	Range	Weighted Average
Non-recurring fair value measurements					
Mortgage loans	$2,483				
		Internal model	Historical sales proceeds	$3,000 - $770,000	$167,137
		Internal model	Housing sales index	42 - 374 bps	96 bps
		Income capitalization[1]	Capitalization rates	7% - 10%	7%
		Median of external sources	External pricing sources	$37.0 - $94.3	$75.0

	December 31, 2015				
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs Type	Range	Weighted Average
Non-recurring fair value measurements					
Mortgage loans	$5,851				
		Internal model	Historical sales proceeds	$3,000 - $788,699	$191,957
		Internal model	Housing sales index	44 - 428 bps	90 bps
		Third-party appraisal	Property value	$1 million - $30 million	$28 million
		Income capitalization[1]	Capitalization rates	6% - 9%	7%
		Median of external sources	External pricing sources	$39.0 - $94.6	$70.0

(1) The predominant valuation technique used for multifamily loans. Certain loans in this population are valued using other techniques, and the capitalization rate for those is not represented in the “Range” or “Weighted Average” above.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below presents the carrying value and estimated fair value of our financial instruments. For certain types of financial instruments, such as cash and cash equivalents, restricted cash and cash equivalents, securities purchased under agreements to resell, advances to lenders and certain other debt, the carrying value on our GAAP balance sheets approximates fair value, as these assets are short-term in nature and have limited market value volatility.

	December 31, 2016					
		Fair Value				
(In millions)	GAAP Carrying Amount	Level 1	Level 2	Level 3	Netting Adjustments[1]	Total
Financial Assets						
Cash and cash equivalents	$12,369	$12,369	$—	$—	$—	$12,369
Restricted cash and cash equivalents	9,851	9,851	—	—	—	9,851
Securities purchased under agreements to resell	51,548	—	51,548	—	—	51,548
Investments in securities:						
Available-for-sale, at fair value	66,757	—	41,016	25,741	—	66,757
Trading, at fair value	44,790	19,402	24,168	1,220	—	44,790
Total investments in securities	111,547	19,402	65,184	26,961	—	111,547
Mortgage loans:						
Loans held by consolidated trusts	1,690,218	—	1,554,143	142,121	—	1,696,264
Loans held by Freddie Mac	112,785	—	31,004	84,227	—	115,231
Total mortgage loans	1,803,003	—	1,585,147	226,348	—	1,811,495
Derivative assets, net	747	—	12,265	3	(11,521)	747
Guarantee asset	2,298	—	—	2,490	—	2,490
Non-derivative purchase commitments, at fair value	108	—	108	18	—	126
Advances to lenders	1,278	—	—	1,278	—	1,278
Total financial assets	$1,992,749	$41,622	$1,714,252	$257,098	($11,521)	$2,001,451
Financial Liabilities						
Debt, net:						
Debt securities of consolidated trusts held by third parties	$1,648,683	$—	$1,651,313	$605	$—	$1,651,918
Other debt	353,321	—	352,837	4,809	—	357,646
Total debt, net	2,002,004	—	2,004,150	5,414	—	2,009,564
Derivative liabilities, net	795	—	12,640	52	(11,897)	795
Guarantee obligation	2,208	—	—	3,399	—	3,399
Non-derivative purchase commitments, at fair value	37	—	37	45	—	82
Total financial liabilities	$2,005,044	$—	$2,016,827	$8,910	($11,897)	$2,013,840

Financial Statements Notes to the Consolidated Financial Statements | Note 13

(In millions)	December 31, 2015					
		Fair Value				
	GAAP Carrying Amount	Level 1	Level 2	Level 3	Netting Adjustments[1]	Total
Financial Assets						
Cash and cash equivalents	$5,595	$5,595	$—	$—	$—	$5,595
Restricted cash and cash equivalents	14,533	14,533	—	—	—	14,533
Securities purchased under agreements to resell	63,644	—	63,644	—	—	63,644
Investments in securities:						
Available-for-sale, at fair value	74,937	—	47,170	27,767	—	74,937
Trading, at fair value	39,278	17,151	21,753	374	—	39,278
Total investments in securities	114,215	17,151	68,923	28,141	—	114,215
Mortgage loans:						
Loans held by consolidated trusts	1,625,184	—	1,477,251	162,947	—	1,640,198
Loans held by Freddie Mac	129,009	—	31,831	97,133	—	128,964
Total mortgage loans	1,754,193	—	1,509,082	260,080	—	1,769,162
Derivative assets, net	395	—	9,766	25	(9,396)	395
Guarantee asset	1,753	—	—	1,958	—	1,958
Advances to lenders	910	—	910	—	—	910
Total financial assets	$1,955,238	$37,279	$1,652,325	$290,204	($9,396)	$1,970,412
Financial Liabilities						
Debt, net:						
Debt securities of consolidated trusts held by third parties	$1,556,121	$—	$1,624,019	$805	$—	$1,624,824
Other debt	414,306	—	412,752	6,586	—	419,338
Total debt, net	1,970,427	—	2,036,771	7,391	—	2,044,162
Derivative liabilities, net	1,254	—	12,378	33	(11,157)	1,254
Guarantee obligation	1,729	—	—	3,129	—	3,129
Total financial liabilities	$1,973,410	$—	$2,049,149	$10,553	($11,157)	$2,048,545

(1) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

FAIR VALUE OPTION

We elected the fair value option for certain types of investments in securities, multifamily held-for-sale loans, certain multifamily held-for-sale loan purchase commitments, and certain debt.

Investments in Securities

We elected the fair value option for certain mortgage-related securities that contained embedded derivatives, including investments in securities that can contractually be prepaid or otherwise settled in such a way that we may not recover substantially all of our initial recorded investment, or are not of high credit quality at the acquisition date and are identified as within the scope of the accounting guidance for investments in beneficial interests in securitized financial assets. These securities are classified as trading securities. By electing the fair value option for these instruments, we reflect valuation changes through our consolidated statements of comprehensive income in the period they occur. In addition, upon adoption of the accounting guidance for the fair value option, we elected this option for securities within the scope of the accounting guidance for investments in beneficial interests in securitized financial assets to better reflect any valuation changes that would occur subsequent to impairment write-downs previously recorded on these instruments.

Interest income is recognized using the prospective effective interest method. We recognize as interest income (over the life of these securities) the excess of all estimated cash flows attributable to these interests over their book value using the effective interest method. We update our estimates of expected cash flows periodically and recognize changes in the calculated effective interest rate on a prospective basis. For information regarding the net unrealized gains (losses) on trading securities, which include gains (losses) for other items that are not selected for the fair value option, see Gains (losses) on trading securities within the reconciliation of Segment Earnings to GAAP results in Note 11.

Multifamily Held-For-Sale Loans

We elected the fair value option for multifamily loans that were purchased for securitization. These loans are classified as held-for-sale loans on our consolidated balance sheets to reflect our intent to sell in the future and are measured at fair value on a recurring basis, with subsequent gains or losses related to changes in fair value (net of accrued interest income) reported in other income in our consolidated statements of comprehensive income. We elected to report separately the portion of the changes in fair value of the loans related to accrued interest from the remaining changes in fair value. Related interest income continues to be reported, based on the stated terms of the loans, as interest income in our consolidated statements of comprehensive income.

Debt Securities of Consolidated Trusts Held by Third Parties and Other Debt

We elected the fair value option on debt that contains embedded derivatives, primarily certain STACR debt notes. Fair value changes are recorded in other income in our consolidated statements of comprehensive income. For debt where we have elected the fair value option, upfront costs and fees are recognized in earnings as incurred and not deferred. Related interest expense continues to be reported as interest expense based on the stated terms of the debt securities.

The table below presents the fair value and UPB related to certain items for which we have elected the fair value option.

	December 31, 2016		2015	
(In millions)	Multifamily Held-For-Sale Loans	Other Debt - Long Term	Multifamily Held-For-Sale Loans	Other Debt - Long Term
Fair value	$16,255	$5,866	$17,660	$7,045
Unpaid principal balance	16,231	5,584	17,673	7,093
Difference	$24	$282	($13)	($48)

Changes in Fair Value under the Fair Value Option Election

We recorded gains (losses) of $250 million, ($38) million, and $0.9 billion for the years ended December 31, 2016, 2015, and 2014, respectively, from the change in fair value on multifamily held-for-sale loans recorded at fair value in other income in our consolidated statements of comprehensive income.

We recorded gains of $663 million for the year ended December 31, 2016 from the change in fair value of multifamily held-for-sale loan purchase commitments recorded at fair value in other income in our consolidated statements of comprehensive income. We elected the fair value option for these commitments in 2016.

Gains (losses) on debt securities with the fair value option elected were $63 million, ($9) million, and $144 million for the years ended December 31, 2016, 2015, and 2014, respectively, and were recorded in other income in our consolidated statements of comprehensive income.

Changes in fair value attributable to instrument-specific credit risk were not material for the years ended December 31, 2016, 2015, or 2014 for any assets or liabilities for which we elected the fair value option.

NOTE 14: LEGAL CONTINGENCIES

We are involved as a party in a variety of legal and regulatory proceedings arising from time to time in the ordinary course of business including, among other things, contractual disputes, personal injury claims, employment-related litigation and other legal proceedings incidental to our business. We are frequently involved, directly or indirectly, in litigation involving mortgage foreclosures. From time to time, we are also involved in proceedings arising from our termination of a seller/servicer's eligibility to sell loans to, and/or service loans for, us. In these cases, the former seller/servicer sometimes seeks damages against us for wrongful termination under a variety of legal theories. In addition, we are sometimes sued in connection with the origination or servicing of loans. These suits typically involve claims alleging wrongful actions of seller/servicers. Our contracts with our seller/servicers generally provide for indemnification of Freddie Mac against liability arising from seller/servicers' wrongful actions with respect to loans sold to or serviced for Freddie Mac.

Litigation and claims resolution are subject to many uncertainties and are not susceptible to accurate prediction. In accordance with the accounting guidance for contingencies, we reserve for litigation claims and assessments asserted or threatened against us when a loss is probable (as defined in such guidance) and the amount of the loss can be reasonably estimated.

PUTATIVE SECURITIES CLASS ACTION LAWSUIT: OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM VS. FREDDIE MAC, SYRON, ET AL.

This putative securities class action lawsuit was filed against Freddie Mac and certain former officers on January 18, 2008 in the U.S. District Court for the Northern District of Ohio purportedly on behalf of a class of purchasers of Freddie Mac stock from August 1, 2006 through November 20, 2007. FHFA later intervened as Conservator, and the plaintiff amended its complaint on several occasions. The plaintiff alleged, among other things, that the defendants violated federal securities laws by making false and misleading statements concerning our business, risk management, and the procedures we put into place to protect the company from problems in the mortgage industry. The plaintiff seeks unspecified damages and interest, and reasonable costs and expenses, including attorney and expert fees.

In October 2013, defendants filed motions to dismiss the complaint. In October 2014, the District Court granted defendants' motions and dismissed the case in its entirety against all defendants, with prejudice. In November 2014, plaintiff filed a notice of appeal in the U.S. Court of Appeals for the Sixth Circuit. On July 20, 2016, the Court of Appeals reversed the District Court's dismissal and remanded the case to the District Court for further proceedings.

At present, it is not possible for us to predict the probable outcome of this lawsuit or any potential effect on our business, financial condition, liquidity, or results of operations. In addition, we are unable to reasonably estimate the possible loss or range of possible loss in the event of an adverse judgment in the foregoing matter due to the following factors, among others: the inherent uncertainty of pre-trial litigation and the fact that the District Court has not yet ruled upon motions for class certification or summary judgment. In particular, absent the certification of a class, the identification of a class period, and the identification of the alleged statement or statements that survive dispositive motions, we cannot reasonably estimate any possible loss or range of possible loss.

LITIGATION RELATED TO THE TAYLOR, BEAN & WHITAKER (TBW) BANKRUPTCY

In August 2009, TBW, which had been one of our single-family seller/servicers, filed for bankruptcy in Florida. We entered into a settlement with TBW and the TBW creditors' committee regarding the TBW bankruptcy in 2011. However, we continue to be involved in litigation with other parties relating to the TBW bankruptcy, as described below.

On or about May 14, 2010, certain underwriters at Lloyds, London and London Market Insurance Companies brought an adversary proceeding in the U.S. Bankruptcy Court for the Middle District of Florida against TBW, Freddie Mac and other parties seeking a declaration rescinding $90 million of mortgage bankers bonds providing fidelity and errors and omissions insurance coverage. Several excess insurers on the bonds thereafter filed similar claims in that action. Freddie Mac filed a proof of loss under the bonds. In March 2016, a settlement agreement among the parties was submitted to the Bankruptcy Court for approval. On April 25, 2016, the Bankruptcy Court approved the settlement. On May 6, 2016, Sovereign Bank, which was not a party to the settlement agreement, appealed the order approving the settlement agreement and various other prior Bankruptcy Court orders to the U.S. District Court for the Middle District of Florida. Sovereign's appeal and related motions are pending.

LIBOR LAWSUIT

On March 14, 2013, Freddie Mac filed a lawsuit in the U.S. District Court for the Eastern District of Virginia against the British Bankers Association and the 16 U.S. Dollar LIBOR panel banks and a number of their affiliates. The case was subsequently transferred to the U.S. District Court for the Southern District of New York. The complaint alleges, among other things, that the defendants fraudulently and collusively depressed LIBOR, a benchmark interest rate indexed to trillions of dollars of financial products, and asserts claims for antitrust violations, breach of contract, tortious interference with contract and fraud. Freddie Mac filed an amended complaint in July 2013, and a second amended complaint in October 2014. In August 2015, the District Court dismissed the portion of our claim related to antitrust violations and fraud and we filed a motion for reconsideration. On March 31, 2016, the District Court granted a portion of our motion, finding personal jurisdiction over certain defendants, and denied the portion of our motion with respect to statutes of limitation for our fraud claims. Subsequently, in a related case, the U.S. Court of Appeals for the Second Circuit reversed the District Court’s dismissal of certain plaintiffs’ antitrust claims and remanded the case to the District Court for consideration of whether, among other things, the plaintiffs are “efficient enforcers” of the antitrust laws.

On December 20, 2016, after briefing and argument on the defendants' renewed motions to dismiss on personal jurisdiction and efficient enforcer grounds, the District Court denied defendants' motions in part and granted them in part. The District Court held that Freddie Mac is an efficient enforcer of the antitrust laws, but dismissed on personal jurisdiction grounds Freddie Mac's antitrust claims against all defendants except HSBC USA, N.A. Freddie Mac and other plaintiffs requested clarification of the District Court's ruling to determine whether it intended to dismiss defendants located in the United States for lack of personal jurisdiction, which request the District Court denied on February 2, 2017. Freddie Mac also filed a motion for reconsideration of the District Court's opinion dismissing Freddie Mac's (and other plaintiffs') antitrust claims on personal jurisdiction grounds.

LITIGATION CONCERNING THE PURCHASE AGREEMENT

Since July 2013, a number of lawsuits have been filed against us concerning the August 2012 amendment to the Purchase Agreement, which created the net worth sweep dividend provisions of the senior preferred stock. The plaintiffs in the lawsuits allege that they are holders of common stock and/or junior preferred stock issued by Freddie Mac and Fannie Mae. (For purposes of this discussion, junior preferred stock refers to the various series of preferred stock of Freddie Mac and Fannie Mae other than the senior preferred stock issued to Treasury.) It is possible that similar lawsuits will be filed in the future. The lawsuits against us are described below.

Litigation in the U.S. District Court for the District of Columbia

In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations. This case is the result of the consolidation of three putative class action lawsuits: Cacciapelle and Bareiss vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and FHFA, filed on July 29, 2013; American European Insurance Company vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and FHFA, filed on July 30, 2013; and Marneu Holdings, Co. vs. FHFA, Treasury, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, filed on September 18, 2013. (The Marneu case was also filed as a shareholder derivative lawsuit.) A consolidated amended complaint was filed in December 2013. In the consolidated amended complaint, plaintiffs allege, among other items, that the August 2012 amendment to the Purchase Agreement breached Freddie Mac's and Fannie Mae's respective contracts with the holders of junior preferred stock and common stock and the covenant of good faith and fair dealing inherent in such contracts. Plaintiffs sought unspecified damages, equitable and injunctive relief, and costs and expenses, including attorney and expert fees.

The Cacciapelle and American European Insurance Company lawsuits were filed purportedly on behalf of a class of purchasers of junior preferred stock issued by Freddie Mac or Fannie Mae who held stock prior to, and as of, August 17, 2012. The Marneu lawsuit was filed purportedly on behalf of a class of purchasers of junior preferred stock and purchasers of common stock issued by Freddie Mac or Fannie Mae over a not-yet-defined period of time.

Arrowood Indemnity Company vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, FHFA and Treasury. This case was filed on September 20, 2013. The allegations and demands made by plaintiffs in this case were generally similar to those made by the plaintiffs in the In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations case described above. Plaintiffs in the Arrowood lawsuit also requested that, if injunctive relief were not granted, the Arrowood plaintiffs be awarded damages against the defendants in an amount to be determined including, but not limited to, the aggregate par value of their junior preferred stock, the total of which they stated to be approximately $42 million.

American European Insurance Company, Cacciapalle and Miller vs. Treasury and FHFA. This case was filed as a shareholder derivative lawsuit, purportedly on behalf of Freddie Mac as a “nominal” defendant, on July 30, 2014. The complaint alleged that, through the August 2012 amendment to the Purchase Agreement, Treasury and FHFA breached their respective fiduciary duties to Freddie Mac, causing Freddie Mac to suffer damages. The plaintiffs asked that Freddie Mac be awarded compensatory damages and disgorgement, as well as attorneys’ fees, costs and other expenses.

FHFA, joined by Freddie Mac and Fannie Mae, moved to dismiss the In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations case and the other related cases in January 2014. Treasury filed a motion to dismiss the same day. In September 2014, the District Court granted the motions and dismissed the plaintiffs' claims. In October 2014, plaintiffs in the In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations case filed a notice of appeal of the District Court's decision. The scope of this appeal includes the American European Insurance Company shareholder derivative lawsuit. In October 2014, Arrowood filed a notice of appeal of the District Court's decision. Defendants have opposed the appeals.

Litigation in the U.S. Court of Federal Claims

Reid and Fisher vs. the United States of America and Federal Home Loan Mortgage Corporation. This case was filed as a derivative lawsuit, purportedly on behalf of Freddie Mac as a "nominal" defendant, on February 26, 2014. The complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking of private property for public use without just compensation. The plaintiffs ask that Freddie Mac be awarded just compensation for the U.S. government's alleged taking of its property, attorneys' fees, costs and other expenses.

Rafter, Rattien and Pershing Square Capital Management vs. the United States of America et al. This case was filed as a shareholder derivative lawsuit, purportedly on behalf of Freddie Mac as a "nominal" defendant, on August 14, 2014. The complaint alleges that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking of private property for public use without just compensation, and the U.S government breached an implied-in-fact contract with Freddie Mac. In September 2015, plaintiffs filed an amended complaint, which contains one claim involving Freddie Mac. The amended complaint alleges that Freddie Mac's charter is a contract with its common stockholders, and that, through the August 2012 amendment to the Purchase Agreement, the U.S. government breached the implied covenant of good faith and fair dealing inherent in such contract. Plaintiffs ask that they be awarded damages or other appropriate relief for the alleged breach of contract as well as attorneys' fees, costs and expenses.

Litigation in the U.S. District Court for the District of Delaware

Jacobs and Hindes vs. FHFA and Treasury. This case was filed on August 17, 2015 as a putative class action lawsuit purportedly on behalf of a class of holders of preferred stock or common stock issued by Freddie Mac or Fannie Mae. The case was also filed as a shareholder derivative lawsuit, purportedly on behalf of Freddie Mac and Fannie Mae as "nominal" defendants. The complaint alleges, among other items, that the August 2012 amendment to the Purchase Agreement violated applicable state law and constituted a breach of contract, as well as a breach of covenants of good faith and fair dealing. Plaintiffs seek equitable and injunctive relief (including restitution of the monies paid by Freddie Mac and Fannie Mae to Treasury under the net worth sweep dividend), compensatory damages, attorneys' fees, costs and expenses. The case was stayed pending resolution of FHFA's motion to the U.S. Judicial Panel on Multidistrict Litigation to transfer this case to the U.S. District Court for the District of Columbia. This motion was denied on June 2, 2016, and the stay was lifted on July 13, 2016. Plaintiffs filed an application for certification of a question to the Delaware and Virginia Supreme Courts, which was denied on September 12, 2016. On September 7, 2016, plaintiffs filed a motion to amend the complaint, which Treasury opposed in part.

Litigation in the U.S. District Court for the Eastern District of Virginia

Pagliara vs. Federal Home Loan Mortgage Corporation. This case was filed on March 14, 2016 in the Circuit Court of Fairfax County, Virginia, and subsequently removed to the U.S. District Court for the Eastern District of Virginia. The plaintiff seeks an order to permit inspection and copying of corporate records under Virginia law, primarily for the purpose of investigating potential claims arising from the net worth sweep. The case was stayed pending resolution of FHFA's request to the U.S. Judicial Panel on Multidistrict Litigation to transfer this case to the U.S. District Court for the District of Columbia, which was denied on June 2, 2016. On June 17, 2016, Freddie Mac and FHFA filed a motion to dismiss or, in the alternative, substitute FHFA as plaintiff in the case. On August 23, 2016, the U.S. District Court for the Eastern District of Virginia dismissed the case. The plaintiff filed a notice of appeal on September 21, 2016, which was dismissed at plaintiff's request on January 30, 2017.

At present, it is not possible for us to predict the probable outcome of the lawsuits discussed above in the U.S. District Courts and the U.S. Court of Federal Claims (including the outcome of any appeal) or any potential effect on our business, financial condition, liquidity, or results of operations. In addition, we are unable to reasonably estimate the possible loss or range of possible loss in the event of an adverse judgment in the foregoing matters due to a number of factors, including the inherent uncertainty of pre-trial litigation. In addition, with respect to the In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations case, the plaintiffs have not demanded a stated amount of damages they believe are due, and the Court has not certified a class.

NOTE 15: REGULATORY CAPITAL

In October 2008, FHFA announced that it was suspending capital classification of us during conservatorship in light of the Purchase Agreement. FHFA continues to monitor our capital levels, but the existing statutory and FHFA-directed regulatory capital requirements are not binding during conservatorship. We continue to provide quarterly submissions to FHFA on minimum capital.

REGULATORY CAPITAL STANDARDS

The GSE Act established minimum, critical, and risk-based capital standards for us. However, per guidance received from FHFA, we no longer are required to submit risk-based capital reports to FHFA.

Prior to our entry into conservatorship, those standards determined the amounts of core capital that we were to maintain to meet regulatory capital requirements. Core capital consisted of the par value of outstanding common stock (common stock issued less common stock held in treasury), the par value of outstanding non-cumulative, perpetual preferred stock, additional paid-in capital and retained earnings (accumulated deficit), as determined in accordance with GAAP.

Minimum Capital

The minimum capital standard required us to hold an amount of core capital that was generally equal to the sum of 2.50% of aggregate on-balance sheet assets and approximately 0.45% of the sum of our PCs held by third parties and other aggregate off-balance sheet obligations.

Pursuant to regulatory guidance from FHFA, our minimum capital requirement was not affected by adoption of amendments to the accounting guidance for transfers of financial assets and consolidation of VIEs effective January 1, 2010. Specifically, upon adoption of these amendments, FHFA directed us, for purposes of minimum capital, to continue reporting single-family PCs and certain other securitization products held by third parties using a 0.45% capital requirement. FHFA reserves the authority under the GSE Act to raise the minimum capital requirement for any of our assets or activities.

Critical Capital

The critical capital standard required us to hold an amount of core capital that was generally equal to the sum of 1.25% of aggregate on-balance sheet assets and approximately 0.25% of the sum of our PCs held by third parties and other aggregate off-balance sheet obligations.

PERFORMANCE AGAINST REGULATORY CAPITAL STANDARDS

The table below summarizes our minimum capital requirements and deficits and net worth.

(In millions)	December 31, 2016	December 31, 2015
GAAP net worth	$5,075	$2,940
Core capital (deficit)(1)(2)	($67,717)	($70,549)
Less: Minimum capital requirement(1)	18,933	19,687
Minimum capital surplus (deficit)(1)	($86,650)	($90,236)

(1) Core capital and minimum capital figures are estimates and represent amounts submitted to FHFA. FHFA is the authoritative source for our regulatory capital.

(2) Core capital excludes certain components of GAAP total equity (i.e., AOCI and the liquidation preference of the senior preferred stock) as these items do not meet the statutory definition of core capital.

The Purchase Agreement provides that, if FHFA determines as of quarter end that our liabilities have exceeded our assets under GAAP, Treasury will contribute funds to us in an amount at least equal to the difference between such liabilities and assets.

Under the GSE Act, FHFA must place us into receivership if FHFA determines that our assets are and have been less than our obligations for a period of 60 days. FHFA has notified us that the measurement period for any mandatory receivership determination with respect to our assets and obligations would commence no earlier than the SEC public filing deadline for our quarterly or annual financial statements and would continue for 60 calendar days after that date. FHFA has advised us that, if, during that 60-day period, we receive funds from Treasury in an amount at least equal to the deficiency amount under the Purchase Agreement, the Director of FHFA will not make a mandatory receivership determination. If funding has been requested under the Purchase Agreement to address a deficit in our net worth, and Treasury is unable to provide us with such funding within the 60-day period specified by FHFA, FHFA would be required to place us into receivership if our assets remain less than our obligations during that 60-day period.

At December 31, 2016, our assets exceeded our liabilities under GAAP; therefore, no draw is being requested from Treasury under the Purchase Agreement. As of December 31, 2016, our aggregate funding received from Treasury under the Purchase Agreement was $71.3 billion. This aggregate funding amount does not include the initial $1 billion liquidation preference of senior preferred stock that we issued to Treasury in September 2008 as an initial commitment fee and for which no cash was received.

SUBORDINATED DEBT COMMITMENT

In October 2000, we announced our adoption of a series of commitments designed to enhance market discipline, liquidity, and capital. In September 2005, we entered into a written agreement with FHFA that updated those commitments and set forth a process for implementing them. FHFA, as Conservator of Freddie Mac, has suspended the requirements in the September 2005 agreement with respect to issuance, maintenance, and reporting and disclosure of Freddie Mac subordinated debt during the term of conservatorship and thereafter until directed otherwise.

NOTE 16: SELECTED FINANCIAL STATEMENT LINE ITEMS

The table below presents the significant components of other income (loss) and other expense on our consolidated statements of comprehensive income.

	Year Ended December 31,		
(In millions)	2016	2015	2014
Other income (loss):			
Non-agency mortgage-related securities settlements[1]	$—	$65	$6,084
Gains (losses) on loans	(463)	(2,094)	731
All other	1,717	1,150	1,229
Total other income (loss)	$1,254	($879)	$8,044
Other expense:			
Property tax and insurance expense on held-for-sale loans	($90)	($1,094)	($62)
All other	(509)	(412)	(176)
Total other expense	($599)	($1,506)	($238)

(1) Settlement agreements primarily related to lawsuits regarding our investments in certain non-agency mortgage-related securities and were a significant component of other income in 2014.

The table below presents the significant components of other assets and other liabilities on our consolidated balance sheets.

(In millions)	December 31, 2016	December 31, 2015
Other assets:		
Real estate owned, net	$1,198	$1,725
Accounts and other receivables[1]	5,083	3,625
Guarantee asset	2,298	1,753
Advances to lenders	1,278	910
All other	2,501	1,025
Total other assets	$12,358	$9,038
Other liabilities:		
Servicer liabilities	$730	$1,191
Guarantee obligation	2,208	1,729
Accounts payable and accrued expenses	957	1,286
Payables related to securities	4,510	72
All other	1,082	968
Total other liabilities	$9,487	$5,246

(1) Primarily consists of servicer receivables and other non-interest receivables.

END OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

Quarterly
Selected
Financial
Data

QUARTERLY SELECTED FINANCIAL DATA
(UNAUDITED)

	2016				
(In millions, except share-related amounts)	1Q	2Q	3Q	4Q	Full-Year
Net interest income	$3,405	$3,443	$3,646	$3,885	$14,379
Benefit (provision) for credit losses	467	775	(113)	(326)	803
Non-interest income (loss):					
Derivative gains (losses)	(4,561)	(2,058)	(36)	6,381	(274)
Net impairments of available-for-sale securities recognized in earnings	(57)	(72)	(9)	(53)	(191)
Other non-interest income (loss)	1,195	306	822	(1,358)	965
Non-interest income (loss)	(3,423)	(1,824)	777	4,970	500
Non-interest expense:					
Administrative expense	(448)	(475)	(498)	(584)	(2,005)
REO operations income (expense)	(84)	(29)	(56)	(118)	(287)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(272)	(280)	(293)	(307)	(1,152)
Other non-interest expense	(153)	(151)	(138)	(157)	(599)
Non-interest expense	(957)	(935)	(985)	(1,166)	(4,043)
Income tax (expense) benefit	154	(466)	(996)	(2,516)	(3,824)
Net income (loss)	($354)	$993	$2,329	$4,847	$7,815
Total other comprehensive income (loss), net of taxes	$154	$140	($19)	($972)	($697)
Comprehensive income (loss)	($200)	$1,133	$2,310	$3,875	$7,118
Income (loss) attributable to common stockholders	($354)	$60	$19	$372	$97
Income (loss) per common share – basic and diluted[1]	($0.11)	$0.02	$0.01	$0.11	$0.03

Quarterly Selected Financial Data

(In millions, except share-related amounts)	2015 1Q	2Q	3Q	4Q	Full-Year
Net interest income	$3,647	$3,969	$3,743	$3,587	$14,946
Benefit (provision) for credit losses	499	857	528	781	2,665
Non-interest income (loss):					
Derivative gains (losses)	(2,403)	3,135	(4,172)	744	(2,696)
Net impairments of available-for-sale securities recognized in earnings	(93)	(98)	(54)	(47)	(292)
Other non-interest income (loss)	349	(496)	385	(849)	(611)
Non-interest income (loss)	(2,147)	2,541	(3,841)	(152)	(3,599)
Non-interest expense:					
Administrative expenses	(451)	(501)	(465)	(510)	(1,927)
REO operations income (expense)	(75)	(52)	(116)	(95)	(338)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(222)	(235)	(248)	(262)	(967)
Other non-interest expense	(463)	(501)	(270)	(272)	(1,506)
Non-interest expense	(1,211)	(1,289)	(1,099)	(1,139)	(4,738)
Income tax (expense) benefit	(264)	(1,909)	194	(919)	(2,898)
Net income (loss)	$524	$4,169	($475)	$2,158	$6,376
Total other comprehensive income (loss), net of taxes	$222	($256)	($26)	($517)	($577)
Comprehensive income (loss)	$746	$3,913	($501)	$1,641	$5,799
Income (loss) attributable to common stockholders	($222)	$256	($475)	$418	($23)
Income (loss) per common share – basic and diluted[1]	($0.07)	$0.08	($0.15)	$0.13	($0.01)

(1) Earnings (loss) per common share is computed independently for each of the quarters presented. Due to the use of weighted average common shares outstanding when calculating earnings (loss) per share, the sum of the four quarters may not equal the full-year amount. Earnings (loss) per common share amounts may not recalculate using the amounts shown in this table due to rounding.

CONTROLS AND PROCEDURES

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. It is a process that involves human diligence and compliance and is, therefore, subject to lapses in judgment and breakdowns resulting from human error. It also can be circumvented by collusion or improper management override. Because of its limitations, there is a risk that internal control over financial reporting may not prevent or detect, on a timely basis, errors that could cause a material misstatement of the financial statements.

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making our assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control — Integrated Framework (2013 Framework). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis by a company’s internal controls. Based on our assessment, we identified a material weakness related to our inability to update our disclosure controls and procedures in a manner that adequately ensures the accumulation and communication to management of information known to FHFA that is needed to meet our disclosure obligations under the federal securities laws, including disclosures affecting our consolidated financial statements.

We have been under conservatorship of FHFA since September 6, 2008. FHFA is an independent agency that currently functions as both our Conservator and our regulator with respect to our safety, soundness and mission. Because we are in conservatorship, some of the information that we may need to meet our disclosure obligations may be solely within the knowledge of FHFA. As our Conservator, FHFA has the power to take actions without our knowledge that could be material to investors and could significantly affect our financial performance. Although we and FHFA have attempted to design and implement disclosure policies and procedures to account for the conservatorship and accomplish the same objectives as disclosure controls and procedures for a typical reporting company, there are inherent structural limitations on our ability to design, implement, test or operate effective disclosure controls and procedures under the circumstances of conservatorship. As our Conservator and regulator, FHFA is limited in its ability to design and implement a complete set of disclosure controls and procedures relating to us, particularly with respect to current reporting pursuant to Form 8-K. Similarly, as a regulated entity, we are limited in our ability to design, implement, operate and test the controls and procedures for which FHFA is responsible. For example, FHFA may formulate certain intentions with respect to the conduct of our business that, if known to management, would require consideration for disclosure or reflection in our financial statements, but that FHFA, for regulatory reasons, may be constrained from communicating to management. As a result of these considerations, we have concluded that this control deficiency constitutes a material weakness in our internal control over financial reporting.

Because of this material weakness, we have concluded that our internal control over financial reporting was not effective as of December 31, 2016 based on the COSO criteria (2013 Framework). PricewaterhouseCoopers LLP, an independent registered public accounting firm, audited the effectiveness of our internal control over financial reporting as of December 31, 2016 and also determined that our internal control over financial reporting was not effective. PricewaterhouseCoopers LLP's report appears in "Financial Statements and Supplementary Data — Report of Independent Registered Public Accounting Firm."

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and that such information is accumulated and communicated to management of the company, including the company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we must apply judgment in implementing possible controls and procedures.

Management, including the company's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2016. As a result of management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2016, at a reasonable level of assurance, because we have not been able to update our disclosure controls and procedures to provide reasonable assurance that information known by FHFA on an ongoing basis is communicated from FHFA to Freddie Mac's management in a manner that allows for timely decisions regarding our required disclosure under the federal securities laws. As discussed above, we consider this situation to be a material weakness in our internal control over financial reporting. Based on discussions with FHFA and the structural nature of this continuing weakness, we believe it is likely that we will not remediate this material weakness while we are under conservatorship.

Controls and Procedures

MITIGATING ACTIONS RELATED TO THE MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As described above under "Management's Report on Internal Control Over Financial Reporting," we have one material weakness in internal control over financial reporting as of December 31, 2016 that we have not remediated.

Given the structural nature of this material weakness, we believe it is likely that we will not remediate it while we are under conservatorship. However, both we and FHFA have continued to engage in activities and employ procedures and practices intended to permit accumulation and communication to management of information needed to meet our disclosure obligations under the federal securities laws. These include the following:

- FHFA has established the Division of Conservatorship, which is intended to facilitate operation of the company with the oversight of the Conservator.
- We provide drafts of our SEC filings to FHFA personnel for their review and comment prior to filing. We also provide drafts of external press releases, statements and speeches to FHFA personnel for their review and comment prior to release.
- FHFA personnel, including senior officials, review our SEC filings prior to filing, including this Form 10-K, and engage in discussions with us regarding issues associated with the information contained in those filings. Prior to filing this Form 10-K, FHFA provided us with a written acknowledgment that it had reviewed the Form 10-K, was not aware of any material misstatements or omissions in the Form 10-K, and had no objection to our filing the Form 10-K.
- The Director of FHFA is in frequent communication with our Chief Executive Officer, typically meeting (in person or by phone) on at least a bi-weekly basis.
- FHFA representatives attend meetings frequently with various groups within the company to enhance the flow of information and to provide oversight on a variety of matters, including accounting, credit and capital markets management, external communications, and legal matters.
- Senior officials within FHFA's accounting group meet frequently with our senior financial executives regarding our accounting policies, practices, and procedures.

In view of our mitigating actions related to this material weakness, we believe that our consolidated financial statements for the year ended December 31, 2016 have been prepared in conformity with GAAP.

Controls and Procedures

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING DURING THE QUARTER ENDED DECEMBER 31, 2016

We evaluated the changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2016 and concluded that there were no changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

DIRECTORS, CORPORATE GOVERNANCE, AND EXECUTIVE OFFICERS
DIRECTORS
ELECTION OF DIRECTORS
As Conservator, FHFA determines the size of the company's Board and the scope of its authority. At the start of Conservatorship, FHFA determined that the Board is to have a Non-Executive Chairman, and is to consist of a minimum of 9 and not more than 13 directors, with the CEO being the only corporate officer serving as a member of the Board. The company currently has 13 Board members and expects to maintain the current Board size.

In addition, because FHFA as Conservator has succeeded to the rights of all stockholders of the company, the Conservator elects the directors. Accordingly, we will not solicit proxies, distribute a proxy statement to stockholders, or hold an annual meeting of stockholders in 2017. Instead, the Conservator has elected directors by written consent in lieu of an annual meeting. Annually, the Board identifies director nominees for the Conservator to consider for election by written consent. When there is a vacancy on the Board, the Board may exercise the authority delegated to it by the Conservator to fill such vacancy, subject to review by the Conservator.

On February 13, 2017, the Conservator executed a written consent, effective as of that date, re-electing each of the 13 then-current directors as a member of our Board. The individuals elected as directors by the Conservator are listed below.

Raphael W. Bostic	Christopher S. Lynch
Carolyn H. Byrd	Sara Mathew
Lance F. Drummond	Saiyid T. Naqvi
Thomas M. Goldstein	Nicolas P. Retsinas
Richard C. Hartnack	Eugene B. Shanks, Jr.
Steven W. Kohlhagen	Anthony A. Williams
Donald H. Layton	

See "Director Biographical Information" for information about each of our re-elected directors. The terms of those directors will end on the date of the next annual meeting of our stockholders or when the Conservator next elects directors by written consent, whichever occurs first.

DIRECTOR CRITERIA, DIVERSITY, QUALIFICATIONS, EXPERIENCE, AND TENURE

Our Board seeks candidates for director who have achieved a high level of stature, success, and respect in their principal occupations.

Each of our current directors was selected as a candidate because of his or her character, judgment, experience, and expertise. Consistent with our Charter and FHFA's rule regarding the Responsibilities of Boards of Directors, Corporate Practices and Corporate Governance Matters (the "Corporate Governance Rule"), the factors considered include the knowledge directors would have, as a group, in the areas of business, finance, accounting, risk management, public policy, mortgage lending, real estate, low-income housing, homebuilding, regulation of financial institutions, and any other areas that may be relevant to our safe and sound operation. We also considered whether a candidate's other commitments, including the number of other board memberships held by the candidate, would permit the candidate to devote sufficient time to the candidate's duties and responsibilities as a director. Our Charter provides that our Board must at all times have at least one person from each of the homebuilding, mortgage lending, and real estate industries and at least one person from an organization representing community or consumer interests or one person who has demonstrated a career commitment to the provision of housing for low-income households.

In addition, the Board has adopted a policy (articulated in our Corporate Governance Guidelines, or the "Guidelines") with regard to the consideration of diversity in identifying director nominees and candidates. As articulated in the Guidelines, the Board seeks to have a diversity of talent, perspectives, expertise, experience, and cultures among its members, including minorities, women, and individuals with disabilities, and considers such diversity in the candidate identification and nomination processes. The Guidelines explain that when identifying director nominees, the Nominating and Governance Committee considers, among other factors, our needs, the talents and skills then available on the Board, and, with respect to incumbent directors, their continued involvement in business and professional activities relevant to us, the skills and experience that should be represented on the Board, the availability of other individuals with desirable skills to join the Board, and the desire to maintain a diverse Board.

FHFA has promulgated a rule regarding minority and women inclusion. This rule implements section 1116 of the Reform Act and generally requires us to encourage the consideration of diversity and the inclusion of women, minorities, and individuals with disabilities in all activities, including considering diversity in the process of nominating directors.

DIRECTOR BIOGRAPHICAL INFORMATION

The following summarizes each director's Board service, experience, qualifications, attributes, and/or skills that led to his or her selection as a director, and provides other biographical information, as of February 16, 2017:

Directors, Corporate Governance, and Executive Officers Directors

Raphael W. Bostic	Freddie Mac Committees:	Public Directorships:
Age: 50	Compensation	None
Director Since: January 2015	Risk	

Mr. Bostic is a leading real estate economist with extensive public policy, academic, and research expertise.

Experience and Qualifications

- Chair, Department on Governance, Management, and the Policy Process at the Sol Price School of Public Policy at the University of Southern California (2015-present); Bedrosian Chair in Governance and Public Enterprise at the Sol Price School of Public Policy at the University of Southern California (2012-2015)
- Assistant Secretary for Policy Development and Research at HUD (2009-2012)
- Various positions at the University of Southern California, including Professor at the School of Policy, Planning and Development (2001-2009)
- Trustee of Enterprise Community Partners (2012-present)
- Member of the Board of the Lincoln Institute of Land Policy (2013-present)
- Advisory Board member of the National Community Stabilization Trust (2012-2015)

Carolyn H. Byrd	Freddie Mac Committees:	Public Directorships:
Age: 68	Audit, Chair	Popeyes Louisiana Kitchen, Inc.
Director Since: December 2008	Compensation	Regions Financial Corporation
	Executive	

Ms. Byrd is an experienced finance executive who has held a variety of leadership positions. She also has significant public company audit committee experience. Ms. Byrd’s internal audit and public company audit committee experience enables her to support the Board’s oversight of our internal control over financial reporting and compliance matters.

Experience and Qualifications

- Founder, Chairman, and Chief Executive Officer of GlobalTech Financial, LLC (2000-present)
- President of Coca-Cola Financial Corporation (1997-2000)
- Various domestic and international positions with The Coca-Cola Company, including Chief of Internal Audits and Director of the Corporate Auditing Department (1977-1997)
- Member of the Board, Audit Committee and Executive Committee and Chair of the Corporate Governance and Nominating Committee of Popeyes Louisiana Kitchen, Inc. (2001-present)
- Member of the Board and Chair of the Audit Committee and former member of the Risk Committee of Regions Financial Corporation (2010-present)
- Member of the Board and Audit Committee of Circuit City Stores, Inc. (2000-2009)
- Member of the Board and Audit Committee of RARE Hospitality International, Inc. (2000-2007)

Directors, Corporate Governance, and Executive Officers Directors

Lance F. Drummond	Freddie Mac Committees:	Public Directorships:
Age: 62	Audit	None
Director Since: July 2015	Nominating & Governance	

Mr. Drummond is a senior business leader with extensive experience specializing in business transforming strategy development and execution, operations, technology, and process re-engineering.

Experience and Qualifications

- Executive Vice President of Operations and Technology of TD Canada Trust (2011-2014)
- Executive Vice President of Human Resources and Shared Services of Fiserv Inc. (2009-2011)
- Senior Vice President and Supply Chain Executive, Service and Fulfillment Executive for Global Technology and Operations, and eCommerce and ATM Executive of Bank of America (2002-2008)
- Various positions with Eastman Kodak Company, including Chief Operating Officer and Corporate Vice President of Kodak Professional Division (1976-2002)

Thomas M. Goldstein	Freddie Mac Committees:	Public Directorships:
Age: 57	Audit	Kemper Corporation
Director Since: October 2014	Nominating & Governance	

Mr. Goldstein is an executive with extensive financial services, insurance, mortgage banking, and risk management experience.

Experience and Qualifications

- Founder of Jamlerpartners LLC (2014-present)
- Senior Vice President and Chief Financial Officer of the Protection Division of Allstate Insurance Company (2011-2014)
- Consultant to the financial services industry, pursuing community bank acquisitions with The GRG Group LLC (2009-2011)
- Managing Director and Chief Financial Officer of Madison Dearborn Partners (2007-2009)
- Various executive and finance positions for LaSalle Bank Corporation, including Chairman, Chief Executive Officer, and President of ABN AMRO Mortgage Group and Chief Financial Officer of LaSalle Bank Corporation (1998-2007)
- Various positions with Morgan Stanley Dean Witter, including Senior Vice President and Head of Risk Management and Financial Planning and Analysis of Novus Financial as well as Vice President and Head of Finance, Risk Management, Model Development, and Investor Relations of SPS Transaction Services (1988-1998)
- Member of the Board, Audit, Compensation and Investment Committees of Kemper Corporation (2016-present)
- Member of the Board of Trustees, Chair of the Audit Committee, and member of the Performance and Compliance Committees of Columbia Acorn Trust and Wanger Advisors Trust (2014-present)
- Member of the Board of the FHLB of Chicago (2009-2014)
- Member of the Board of various Allstate subsidiaries (2011-2014)

Directors, Corporate Governance, and Executive Officers Directors

Richard C. Hartnack	Freddie Mac Committees:	Public Directorships:
Age: 71	Executive	Synchrony Financial
Director Since: May 2013	Nominating & Governance, Chair	
	Risk	

Mr. Hartnack is a seasoned industry executive with proven leadership experience and a deep understanding of our industry. He has detailed knowledge of underwriting, servicing, and technology.

Experience and Qualifications

- Vice Chairman and Head of Consumer and Small Business Banking of U.S. Bancorp (2005-2013)
- Vice Chairman, Director, and Head of the Community Banking Group of Union Bank of California (1991-2005)
- Various positions with First Chicago Corporation, including Executive Vice President and Head of Community Banking (1982-1991)
- Various positions with First Interstate Bank of Oregon, including Head of Corporate Banking (1971-1982)
- Non-Executive Chairman of the Board, Chair of the Management Development and Compensation Committee, and Former Chair of the Audit Committee of Synchrony Financial (2014-present)
- Non-Executive Chairman of the Board of Synchrony Bank, a wholly owned subsidiary of Synchrony Financial (2014-present)
- Member of the Board of U.S. Bank, a wholly owned subsidiary of U.S. Bancorp (2005-2013)
- Member of the Board of the Federal Reserve Bank of San Francisco (2001-2005)
- Member of the Board of MasterCard International (U.S. Region) (1994-2005)
- Member of the Board of UnionBanCal Corporation (1991-2005)
- Chairman of the California Bankers Association (2002-2003)
- Chairman of the Bank Administration Institute (1998-1999)

Steven W. Kohlhagen	Freddie Mac Committees:	Public Directorships:
Age: 69	Compensation	AMETEK, Inc.
Director Since: February 2013	Risk	GulfMark Offshore, Inc.

Mr. Kohlhagen is nationally recognized as a leading financial expert with extensive knowledge of mortgage finance and the capital markets. He brings to the Board a unique combination of senior executive leadership skills and a deep understanding of economics, modeling, and complex financial instruments.

Experience and Qualifications

- Various positions with First Union National Bank (predecessor to Wachovia National Bank and Wells Fargo), last serving as Managing Director of the Fixed Income Division (1992-2003)
- Various positions with AIG Financial Products (1990-1992); Stamford Capital Group (1987-1990); Bankers Trust Corporation (1985-1987); and Lehman Brothers, Inc. (1983-1985)

Directors, Corporate Governance, and Executive Officers Directors

- Consulting work for the Organization for Economic Cooperation and Development (1980-1981), Treasury (1976-1977), and the Federal Reserve Board (1976)
- Senior Staff Economist for the Council of Economic Advisors, White House Staff (1978-1979)
- Professor of International Economics and Finance at the University of California, Berkeley (1973-1983)
- Member of the Board and Audit Committee of AMETEK, Inc. (2006-present)
- Member of the Board, Audit Committee, and Compensation Committee of GulfMark Offshore, Inc. (2013-present)
- Member of the Board and Compensation Committee and Chair of the Governance and Nominating Committee of Reval, Inc. (2007-2016)
- Member of the Board and Audit Committee of Abtech Holdings, Inc. (2013-2014)
- Advisory Board member of the Stanford Institute for Economic Policy Research (2001-present)
- Advisory Board member of the Roper St. Francis Cancer Center (2011-present)
- Member of the Board of IQ Mutual Funds, a family of Merrill Lynch registered, closed-end investment companies (2005-2010)

Donald H. Layton	Freddie Mac Committees:	Public Directorships:
Age: 66	Executive	None
Director Since: May 2012		

Mr. Layton is an experienced financial institution executive and leader of finance and investment organizations. Mr. Layton provides valuable insight to the Board as a result of his leadership of Freddie Mac and his knowledge of our business and industry, as well as his extensive financial services industry experience.

Experience and Qualifications

- Chief Executive Officer of Freddie Mac (2012-present)
- Chairman of E*TRADE Financial (2007-2009); Chief Executive Officer (2008-2009)
- Senior Advisor to the Securities Industry and Financial Markets Association (2006-2008)
- Various positions with JPMorgan Chase and its predecessors, beginning as a trainee and rising to Vice Chairman and a member of the company's three-person Office of the Chairman (1975-2004); positions included Head of Chase Financial Services (2002-2004); Co-Chief Executive Officer of J.P. Morgan, the investment bank of the company (2000-2002); Head of Treasury and Securities Services (1999-2004); and Head of Chase Manhattan's worldwide capital markets and trading activities, including foreign exchange, risk management products, emerging markets, fixed income, and the bank's investment portfolio and funding department (1996 to 2000; prior to Chase's merger with J.P. Morgan)
- Chairman Emeritus of the Partnership for the Homeless (2015-present); Chairman of the Board (2005-2015)
- Member of the Board of Assured Guaranty Ltd. (2006-2012)
- Member of the Board of American International Group (2010-2012)

Directors, Corporate Governance, and Executive Officers Directors

Christopher S. Lynch	Freddie Mac Committees:	Public Directorships:
Age: 59	Executive, Chair	American International Group Inc.
Director Since: December 2008		

Mr. Lynch is an experienced senior accounting executive who was responsible for one of the Big Four's Financial Services practice and served as the lead audit signing partner and account executive for several large financial institutions with mortgage lending businesses. He also has significant public company audit committee and risk management experience. Mr. Lynch's extensive experience in finance, accounting, and risk management enables him to provide valuable guidance to the Board on complex accounting and risk management issues.

Experience and Qualifications

- Independent consultant providing a variety of services to financial intermediaries, including corporate restructuring, risk management, strategy, governance, financial and regulatory reporting, and troubled-asset management (2007-present)
- Various positions with KPMG LLP, including National Partner in Charge - Financial Services, the U.S. firm's largest industry division; Chairman of KPMG's Americas Financial Services Leadership team; Member of the Global Financial Services Leadership and the U.S. Industries Leadership teams; Head of the Banking & Finance practice; and Department of Professional Practice partner (1979-2007)
- Practice Fellow at the FASB (1987-1989)
- Non-Executive Chairman of the Board of Freddie Mac (2011-present)
- Member of the Board and Risk and Capital, Nominating and Corporate Governance, and Technology Committees and former Chair of the Audit Committee of American International Group (2009-present)
- Advisory Board member of the Stanford Institute for Economic Policy Research (2014-present)
- Member of the National Audit Committee Chair Advisory Council of the National Association of Corporate Directors (2014-present)

Sara Mathew	Freddie Mac Committees:	Public Directorships:
Age: 61	Audit	Campbell Soup Company
Director Since: December 2013	Nominating & Governance	Shire plc

Ms. Mathew is an executive with global financial and general management experience. Ms. Mathew's extensive business, financial, and management experience, and her public company board and audit committee experience, enable her to contribute to the Board's oversight of the management and operation of the company and of its financial reporting.

Experience and Qualifications

- Various positions with Dun & Bradstreet Corporation (2001-2013), including Chairman and Chief Executive Officer (2010-2013); President and Chief Operating Officer (2007-2010); and Senior Vice President and CFO (2002-2006)
- Various finance and management positions with The Procter & Gamble Company, including Vice President of Finance for Australia, Asia, and India (1983-2001)

Directors, Corporate Governance, and Executive Officers Directors

- Member of the Board and Finance and Corporate Development Committee and Chair of the Audit Committee of Campbell Soup Company (2005-present)
- Member of the Board and Audit, Compliance and Risk, and Remuneration Committees of Shire plc (2015-present)
- Member of the Board and Finance and Nominating and Corporate Governance Committees of Avon Products, Inc. (2014-2016)
- Member of the Board and Audit Committee of Dun & Bradstreet Corporation (2008-2013)
- Member of the International Advisory Council of Zurich Financial Services Group (2012-present)

Saiyid T. Naqvi	Freddie Mac Committees:	Public Directorships:
Age: 67	Compensation	None
Director Since: August 2013	Executive	
	Risk, Chair	

Mr. Naqvi is a seasoned financial executive with proven leadership experience and detailed knowledge of mortgage and consumer financial operations, as well as a deep background in risk and operational management.

Experience and Qualifications

- President and Chief Executive Officer of PNC Mortgage, a division of PNC Bank, National Association, which is a subsidiary of PNC Financial Services Group (2009-2013)
- President of Harley-Davidson Financial Services, Inc. (2007-2009)
- Chief Executive Officer of DeepGreen Financial, Inc. (2005-2006)
- President and Chief Financial Officer of Setara Corporation (2002-2005)
- President and Chief Executive Officer of PNC Mortgage Corporation of America (1995-2001)
- Member of the Board of Genworth Financial (2005-2009)
- Member of the Board of Hanover Mortgage Capital Holdings, Inc. (1998-2006)

Nicolas P. Retsinas	Freddie Mac Committees:	Public Directorships:
Age: 70	Audit	None
Director Since: June 2007	Compensation, Chair	
	Executive	

Mr. Retsinas is an experienced leader in the governmental and educational sectors, with in-depth knowledge of the mortgage lending, real estate, and homebuilding industries. He also has represented consumer and community interests and has demonstrated a career commitment to the provision of housing for low-income households. Mr. Retsinas' public, private, and academic experience, including his service on the boards of several not-for-profit organizations, enables him to bring to the Board broad knowledge and understanding of housing and consumer and community issues.

Experience and Qualifications

- Senior Lecturer in Real Estate at the Harvard Business School (2006-2015)
- Lecturer in Housing Studies at the Harvard Graduate School of Design (1998-2015)
- Assistant Secretary for Housing - Federal Housing Commissioner at HUD (1993-1998)
- Director of the Office of Thrift Supervision (1996-1997)

- Member of the Board of the Center for Responsible Lending (2006-present)
- Chair of Community Development Trust (2014-present); Member of the Board (1999-present)
- Director Emeritus of Harvard University's Joint Center for Housing Studies (2010-present); Director (1998-2010)
- Chair of Providence Housing Authority (2013-present)
- Trustee of Enterprise Community Partners (1999-2013)
- Member of the Board of the Federal Deposit Insurance Corporation (1996-1997)
- Member of the Board of the Federal Housing Finance Board (1993-1998)
- Trustee of the National Housing Endowment (1998-2012)
- Member of the Board of the Neighborhood Reinvestment Corporation (1993-1998)
- Chair of Rhode Island Housing and Mortgage Finance Corporation (2015-present)

Eugene B. Shanks, Jr.	Freddie Mac Committees:	Public Directorships:
Age: 69	Audit	Chubb (formerly ACE Limited)
Director Since: December 2008	Compensation	

Mr. Shanks is an experienced finance executive with leadership and risk management expertise. Mr. Shanks' leadership and risk management experience enables him to provide the Board with valuable guidance on risk management issues and our strategic direction.

Experience and Qualifications

- Founder, President, and Chief Executive Officer of NetRisk, Inc. (1997-2002)
- Various positions with Bankers Trust New York Corporation, including Head of Global Markets and President and Director (1973-1978 and 1980-1995)
- Treasurer of Commerce Union Bank in Nashville, Tennessee (1978-1980)
- Member of the Board and Risk and Finance Committee of Chubb (2011-present)
- Advisory Board member of the Stanford Institute for Economic Policy Research (2010-present)
- Senior Advisor of Bain and Company (2008-2011)
- Founding Director of The Posse Foundation (1992-present)
- Trustee Emeritus of Vanderbilt University (2015-present), Trustee (1992-2015)

Directors, Corporate Governance, and Executive Officers Directors

Anthony A. Williams	Freddie Mac Committees:	Public Directorships:
Age: 65	Nominating & Governance	None
Director Since: December 2008	Risk	

Mr. Williams is an experienced leader in national, state, and local governments, with extensive knowledge concerning real estate and housing for low-income individuals. He also has significant experience in financial matters and is an experienced academic focusing on public management issues. Mr. Williams' leadership and operating experience in the public sector allows him to provide a unique perspective on state and local housing issues.

Experience and Qualifications

- Chief Executive Officer and Executive Director of Federal City Council (2012-present)
- Senior Advisor at King & Spalding (2016-present)
- Senior Advisor at Dentons (2015-2016)
- Senior Advisor at McKenna, Long & Aldridge, LLP (2013-2015)
- Senior Fellow (2012) and Executive Director of Global Government Practice (2010-2012) of the Corporate Executive Board Company
- Bloomberg Lecturer in Public Management at Harvard's Kennedy School of Government (2009-2012)
- Senior Advisor, Intergovernmental Practice at Arent Fox LLP (2009-2010)
- CEO of Primum Public Realty Trust (2007-2008)
- Mayor of Washington, DC (1999-2007)
- Chief Financial Officer of Washington, DC (1995-1998)
- President of the National League of Cities (2005)
- Vice-Chair of the Metropolitan Washington Council of Governments (2005-2006)
- Chief Financial Officer for the U.S. Department of Agriculture (1993-1995)
- Deputy State Comptroller of Connecticut (1991-1993)
- Executive Director of the Community Development Agency of St. Louis, Missouri (1989-1991)
- Assistant Director of the Boston Redevelopment Agency and Head of the Department of Neighborhood Housing and Development (1988-1989)
- Member of the Board of the Bank of Georgetown (2012-present)
- Member of the Board and Audit Committee of Calvert Sage Fund (2010-present)
- Member of the Board and Audit Committee of Weston Solutions (2008-2015)
- Member of the Board and Audit Committee of Meruelo Maddox Properties, Inc. (2007-2009)

CORPORATE GOVERNANCE

OUR CORPORATE GOVERNANCE PRACTICES

The company is committed to best practices in corporate governance. The Board regularly reviews our governance practices, assesses the regulatory and legislative environment, and adopts governance practices that are in the best interests of the company.

Our Board has adopted the company's Corporate Governance Guidelines. The Guidelines are available on our website at www.freddiemac.com/governance/pdf/gov_guidelines.pdf. The Guidelines are reviewed annually by our Board and were last updated in June 2016. The Guidelines establish corporate governance practices, and include: qualifications for directors, a limitation on the number of boards on which a director may serve, term limits, director orientation and continuing education, and a requirement that the Board and each of its committees perform an annual self-evaluation.

We regularly review our practices to ensure effective collaboration of management and the Board. We have instituted the following specific corporate governance practices:

- Our Board has an independent Non-Executive Chairman, whose responsibilities include presiding over meetings of the Board and executive sessions of the non-employee or independent directors. Mr. Lynch has served as Non-Executive Chairman since December 2011.
- Of the Board's 13 directors, 12 are independent, including the Non-Executive Chairman.
- Our directors are elected annually.
- Each of the Audit, Compensation, Nominating and Governance, and Risk Committees consists entirely of independent directors.
- Each committee operates pursuant to a written charter that has been approved by the Board (these charters are available at www.freddiemac.com/governance/bd_committees.html).
- Independent directors meet regularly without management.
- The Board and each of the Audit, Compensation, Nominating and Governance, and Risk Committees conduct an annual self-evaluation.
- New directors receive a full orientation regarding the company and issues specific to the committees to which they have been appointed.
- All directors are provided with access to, and are encouraged to utilize, third party continuing education.
- Management provides the Board and committees with in-depth technical briefings on substantive issues affecting the company.
- The Board reviews management talent and succession planning at least annually.

DIRECTOR INDEPENDENCE AND RELEVANT CONSIDERATIONS

Our non-employee Board members evaluated the independence, as defined in Sections 4 and 5 of the Guidelines and in Section 303A.02 of the NYSE Listed Company Manual, of each of our current non-employee Board members, all of whom also served on our Board in 2016. Our non-employee Board members determined that all current members of our Board (other than Mr. Layton, our CEO) are independent. Mr. Layton is not considered an independent director because he is our CEO.

Our non-employee Board members concluded that all current members of our Audit Committee, Compensation Committee, and Nominating and Governance Committee are independent within the meaning of Sections 4 and 5 of the Guidelines and Section 303A.02 of the NYSE Listed Company Manual. Our Board also determined that: (i) all current members of our Audit Committee are independent within the meaning of Exchange Act Rule 10A-3 and Section 303A.06 of the NYSE Listed Company Manual; and (ii) all current members of our Compensation Committee are independent within the meaning of Exchange Act Rule 10C-1 and Section 303A.02(a)(ii) of the NYSE Listed Company Manual.

In determining the independence of each Board member, our non-employee Board members reviewed the following categories or types of relationships, in addition to those specifically addressed by the standards contained in Section 5 of the Guidelines, to determine whether those relationships, either individually or in aggregate, would constitute a material relationship between the director and us that would impair a director's judgment as a member of the Board or create the perception or appearance of such an impairment:

- Employment Affiliations with Business Partners - During 2016 and currently, Mr. Williams has served as an employee of a firm that engages or has engaged in business with us resulting in payments between us and the firm. Under the Guidelines, no specific independence determination is required with respect to these payments because they do not exceed the greater of $1 million or 2% of the firm's consolidated gross revenues for each of the last three fiscal years. After considering the nature and extent of the specific relationship between the firm and us, our non-employee Board members concluded that the business relationship does not constitute a material relationship between Mr. Williams and us that would impair his independence as our director.
- Board Memberships with Business Partners - During 2016 and currently, Ms. Byrd and Messrs. Bostic, Lynch, Retsinas, Shanks, and Williams have served as directors of other companies that engage or have engaged in business with us resulting in payments between us and such companies during the past three fiscal years. After considering the nature and extent of the specific relationship between each of those companies and us, and the fact that these Board members are directors of these other companies rather than employees, our non-employee Board members concluded that those business relationships do not constitute material relationships between any of the directors and us that would impair their independence as our directors.
- Board Memberships with Charitable Organizations to Which We Have Made Payments - During 2016 and currently, Mr. Bostic has served as a board member of a charitable organization that received payments from us. Under the Guidelines, no specific independence determination is required with respect to these payments because they do not exceed the greater of $1 million or 2% of the organization's consolidated gross revenues for each of the last three fiscal years. During 2016 and currently, Mr. Retsinas has served as Director Emeritus of a charitable organization that received payments from us. Because the total annual amount paid to the charitable organization did not exceed the greater of $1 million or 2% of the organization's consolidated gross revenues for each of the last three fiscal years, no specific independence determination with respect to these payments is required under the Guidelines; moreover, since Mr. Retsinas is neither a board member nor a trustee of the charitable organization, the payments would not require an independence determination in any event. The non-employee members of the Board considered the payments and the nature of the

organizations and concluded that the relationships with the charitable organizations do not constitute a material relationship between Mr. Bostic or Mr. Retsinas and us that would impair their independence as our directors.

- Financial Relationships with For-Profit Business Partners - Mr. Hartnack owns stock of US Bancorp. In the aggregate, this stock represents a material portion of his net worth. US Bancorp conducts significant business with Freddie Mac, including as a single-family seller/servicer and as trustee of some of Freddie Mac's securitization transactions. In order to eliminate any potential conflict of interest that might arise as a result of this stock ownership, Mr. Hartnack has agreed to recuse himself from discussing and acting upon any matters that are to be considered by the full Board or any of the committees of which he is a member, and that relate directly to US Bancorp. The Audit Committee Chair, in consultation with the Non-Executive Chairman, will address any questions that may arise regarding whether recusal from a particular discussion or action is appropriate.

In evaluating Mr. Hartnack's independence in light of his ownership of US Bancorp stock, our non-employee Board members considered the nature and extent of Freddie Mac's business relationship with US Bancorp and any potential impact that his stock ownership might have on his independent judgment as a Freddie Mac director, taking into account the recusal arrangement. Our non-employee Board members concluded that Mr. Hartnack's recusal arrangement concerning US Bancorp would address any actual or potential conflicts of interest that might arise with respect to his ownership of US Bancorp stock. Accordingly, our non-employee Board members concluded that Mr. Hartnack's ownership of US Bancorp stock does not constitute a material relationship between him and Freddie Mac that would impair his independence as a Freddie Mac director.

Mr. Naqvi owns stock of PNC Financial Services Group, Inc. ("PNC"). In the aggregate, this stock represents a material portion of his net worth. PNC conducts significant business with Freddie Mac, including as a single-family seller/servicer and as trustee of some of Freddie Mac's securitization transactions. In order to eliminate any potential conflict of interest that might arise as a result of this stock ownership, Mr. Naqvi has agreed to recuse himself from discussing and acting upon any matters that are to be considered by the full Board or any of the committees of which he is a member, and that relate directly to PNC. The Audit Committee Chair, in consultation with the Non-Executive Chairman, will address any questions that may arise regarding whether recusal from a particular discussion or action is appropriate.

In evaluating Mr. Naqvi's independence in light of his ownership of PNC stock, our non-employee Board members considered the nature and extent of Freddie Mac's business relationship with PNC and any potential impact that his stock ownership might have on his independent judgment as a Freddie Mac director, taking into account the recusal arrangement. Our non-employee Board members concluded that Mr. Naqvi's recusal arrangement concerning PNC would address any actual or potential conflicts of interest that might arise with respect to his ownership of PNC stock. Accordingly, our non-employee Board members concluded that Mr. Naqvi's ownership of PNC stock does not constitute a material relationship between him and Freddie Mac that would impair his independence as a Freddie Mac director.

BOARD AND COMMITTEE INFORMATION

AUTHORITY OF THE BOARD AND BOARD COMMITTEES

The directors serve on behalf of, and exercise authority as directed by, the Conservator. The Conservator has delegated to the Board and its committees authority to function in accordance with the duties and authorities set forth in applicable statutes, regulations, guidance, orders and directives, and our Bylaws and committee charters, while reserving certain powers of approval to itself. The Conservator has instructed the Board that it should oversee that management consults with, and obtains approval of, the Conservator before taking action in the following areas:

- Matters requiring the approval of or consultation with Treasury under the covenants of the Purchase Agreement (see "MD&A — Conservatorship and Related Matters — Purchase Agreement, Warrant and Senior Preferred Stock" and Note 2);
- Redemptions or repurchases of subordinated debt, except as necessary to comply with the debt limit in the Purchase Agreement;
- Increases in Board risk limits, material changes in accounting policy, and reasonably foreseeable material increases in operational risk;
- Matters that relate to the Conservator's powers, the status of Freddie Mac in conservatorship, or the legal effect of the conservatorship on contracts, such as, but not limited to, the initiation of material actions in connection with litigation addressing the actions or authority of the Conservator, repudiation of contracts, qualified financial contracts in dispute due to conservatorship status, and counterparties attempting to nullify or amend contracts due to conservatorship status;
- Retention and termination of external auditors and law firms serving as consultants to the Board;
- Agreements relating to litigation, claims, regulatory proceedings, or tax-related matters where the value of the claim is in excess of $50 million, including related matters that aggregate to more than $50 million (but excluding loan workouts);
- Alterations or changes to the terms of any master agreement between us and any of our top five single-family sellers or servicers that are not otherwise mandated by FHFA and that will alter, in a material way, the business relationship between the parties;
- Termination of a contract (other than by expiration pursuant to its terms) between us and any of our top five single-family sellers or servicers;
- Actions that, in the reasonable business judgment of management at the time that the action is to be taken, are likely to cause significant reputational risk to us or result in substantial negative publicity;
- Creation of any subsidiary or affiliate, or entering into a substantial transaction with a subsidiary or affiliate, except for the creation of, or a transaction with, a subsidiary or affiliate undertaken in the ordinary course of business (e.g., creation of a securitization trust or REMIC);
- Servicing transfers involving:
  - 100,000 or more loans to a non-bank transferee; or
  - 25,000 or more loans to any transferee if the transfer would increase the number of the transferee's Freddie Mac- and Fannie Mae-owned seriously delinquent loans by at least 25 percent and the servicing transfer has a minimum of 500 seriously delinquent loans;
- Setting or increasing the compensation or benefits payable to directors;
- Entering into new compensation arrangements or increasing amounts or benefits payable under existing compensation arrangements for senior vice presidents and above and other officers as FHFA may deem necessary to successfully execute its role as Conservator;

- Any establishment or modification by us of performance management processes for such officers, including the establishment or modification of a Conservatorship Scorecard; and
- Establishing the annual operating budget.

Other than for large servicing transfers, FHFA requires prior Board approval for anything requiring Conservator approval. In addition, FHFA requires us to provide FHFA with timely notice of any significant changes in business processes or operations, including changes to single-family or multifamily credit policies and loss mitigation strategies, other than changes made at the direction or request of FHFA. FHFA will then determine whether any such items require Conservator and/or Board review or approval.

BOARD COMMITTEES

The Board has five standing committees: Audit, Compensation, Executive, Nominating and Governance, and Risk. All standing committees, other than the Executive Committee, meet regularly and are chaired by, and consist entirely of, independent directors. The Committees perform essential functions on behalf of the Board. The Committee Chairs review and approve agendas for all meetings of their respective Committees. Charters for the standing committees have been adopted by the Board and approved by the Conservator, and describe each committee's responsibilities. These charters are available on our website at www.freddiemac.com/governance/bd_committees.html. The membership of each committee as of February 16, 2017 is set forth below, together with a description of the primary responsibilities of each committee.

Audit Committee	Chair:	Members:
	Carolyn H. Byrd	Lance F. Drummond
		Thomas M. Goldstein
		Sara Mathew
		Nicolas P. Retsinas
		Eugene B. Shanks, Jr.

The Audit Committee provides oversight of the company's accounting and financial reporting and disclosure processes, the adequacy of the systems of disclosure and internal control established by management, and the audit of the company's financial statements. Among other things, the Audit Committee: (i) appoints the independent auditor and evaluates its independence and performance; (ii) reviews the audit plans for and results of the independent audit and internal audits; and (iii) reviews reports related to processes established by management to provide compliance with legal and regulatory requirements. The Audit Committee's activities during 2016 with respect to the oversight of the independent auditor are described in more detail in "Principal Accounting Fees and Services — Approval of Independent Auditor Services and Fees." The Audit Committee also periodically reviews the company's guidelines and policies governing the processes for assessing and managing the company's risks and generally reviews the company's major financial risk exposures and the steps taken to monitor and control such exposures. The Audit Committee also approves all decisions regarding the appointment, removal, and compensation of the General Auditor and the appointment or removal of the CCO. The General Auditor and the CCO report independently to the Audit Committee, in addition to the CEO.

Our Audit Committee satisfies the definition of "audit committee" in Exchange Act Section 3(a)(58)(A) and the requirements of Exchange Act Rule 10A-3. Although our stock has been delisted from the NYSE, certain of the corporate governance requirements of the NYSE Listed Company Manual, including those relating to audit committees, continue to apply to us because they are incorporated by reference in the Corporate Governance Rule. Our Audit Committee satisfies the "audit committee" requirements in Sections 303A.06 and 303A.07 of the NYSE Listed Company Manual. The Board has determined that all members of our Audit Committee are independent and that Ms. Byrd, a member of the Audit Committee since December 2008 and its current chair, and Ms. Mathew, a member of the Audit Committee since December 2013 and its chair effective March 1, 2017, meet the definition of an "audit committee financial expert" under SEC regulations.

In 2016, the Audit Committee met separately nine times and jointly with the Risk Committee four times.

Executive Committee	Chair:	Members:
	Christopher S. Lynch	Carolyn H. Byrd
		Richard C. Hartnack
		Donald H. Layton
		Saiyid T. Naqvi
		Nicolas P. Retsinas

The Executive Committee, which, with the exception of our CEO, Mr. Layton, consists of independent directors, is authorized to exercise the corporate powers of the Board between meetings of the Board, except for those powers reserved to the Board by our Bylaws or otherwise.

The Executive Committee did not meet in 2016.

Compensation Committee	Chair:	Members:
	Nicolas P. Retsinas	Raphael W. Bostic
		Carolyn H. Byrd
		Steven W. Kohlhagen
		Saiyid T. Naqvi
		Eugene B. Shanks, Jr.

The Compensation Committee oversees the company's compensation and benefits policies and programs. The company's processes for consideration and determination of executive compensation, and the role of the Compensation Committee in those processes, are further described in "Executive Compensation — CD&A." The Compensation Committee Report is included in "Executive Compensation — CD&A — Compensation Committee Report."

The Compensation Committee consists entirely of independent directors. None of the members of the Compensation Committee during fiscal year 2016 were officers or employees of Freddie Mac or had any relationship with us that would be required to be disclosed by us under Item 407(e)(4) of Regulation S-K.

The Compensation Committee met eight times in 2016.

Nominating and Governance Committee	Chair:	Members:
	Richard C. Hartnack	Lance F. Drummond Thomas M. Goldstein Sara Mathew Anthony A. Williams

The Nominating and Governance Committee, which consists entirely of independent directors, oversees the company's corporate governance, including reviewing the company's Bylaws and the Guidelines. It also assists the Board and its committees in conducting annual self-evaluations and identifying qualified individuals to become members of the Board. The Nominating and Governance Committee also reviews Board member independence and qualifications and recommends membership of the Board committees.

The Nominating and Governance Committee met six times in 2016.

Risk Committee	Chair:	Members:
	Saiyid T. Naqvi	Raphael W. Bostic Richard C. Hartnack Steven W. Kohlhagen Anthony A. Williams

The Risk Committee, which consists entirely of independent directors, oversees on an enterprise-wide basis the company's risk management framework, including credit risk, market risk, liquidity risk, operational risk, and enterprise-wide strategic risk. The Risk Committee reviews and approves the company's Enterprise Risk Policy and Board-level risk limits and metrics, and reviews significant: (i) enterprise risk exposures; (ii) risk management strategies; (iii) results of risk management reviews and assessments; and (iv) emerging risks, among other responsibilities. The Risk Committee also approves all decisions regarding the appointment or removal of the CERO, and the CERO reports independently to the Risk Committee, in addition to the CEO.

In 2016, the Risk Committee met separately five times, and jointly with the Audit Committee four times.

BOARD LEADERSHIP STRUCTURE

The positions of CEO and Non-Executive Chairman of the Board are held by different individuals. This leadership structure was established by the Conservator. FHFA's Corporate Governance Rule requires that the position of chairperson of the Board be filled by an independent director as defined under the rules of the NYSE. See "MD&A — Risk Management — Overview" for more information on the Board's role in risk oversight.

For a discussion of the Compensation Committee's conclusion that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us, see "Executive Compensation — Compensation and Risk."

COMMUNICATIONS WITH DIRECTORS

Interested parties wishing to communicate any concerns or questions about Freddie Mac to the Board or its directors may do so by U.S. mail, addressed to the Corporate Secretary, Freddie Mac, 8200 Jones Branch Drive, McLean, VA 22102-3110. Communications may be directed to the Non-Executive Chairman, to any other director or directors, or to groups of directors, such as the independent or non-employee directors.

DIRECTOR COMPENSATION

Non-employee Board members receive compensation in the form of cash retainers only, paid on a quarterly basis. Non-employee directors are also reimbursed for reasonable out-of-pocket costs for attending meetings of the Board or a Board committee of which they are a member and for other reasonable expenses associated with carrying out their responsibilities as directors.

Our directors are compensated entirely in cash because the Purchase Agreement prohibits us from issuing any shares of our equity securities without the prior written consent of Treasury. See “Executive Compensation — CD&A — Overview of Executive Management Compensation Program.” Unlike compensation for our executives, there is no provision in the director compensation program for pay that varies depending on business results. Although 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 as inconsistent with the oversight role of directors.

2016 NON-EMPLOYEE DIRECTOR COMPENSATION LEVELS

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

Board Service (Cash)	
Annual Retainer for Non-Executive Chairman	$290,000
Annual Retainer for Directors (other than the Non-Executive Chairman)	160,000
Committee Service (Cash)	
Annual Retainer for Audit Committee Chair	$25,000
Annual Retainer for Risk Committee Chair	15,000
Annual Retainer for Committee Chairs (other than Audit or Risk)	10,000
Annual Retainer for Audit Committee Members	10,000

2016 DIRECTOR COMPENSATION

The following table summarizes the 2016 compensation earned by all persons who served as non-employee directors during 2016.

Name	Fees Earned or Paid in Cash[1]	Total
C. Lynch	$290,000	$290,000
R. Bostic	160,000	160,000
C. Byrd	185,000	185,000
L. Drummond	170,000	170,000
T. Goldstein	170,000	170,000
R. Hartnack[2]	170,000	170,000
S. Kohlhagen[2]	166,593	166,593
S. Mathew	170,000	170,000
S. Naqvi[2]	168,407	168,407
N. Retsinas[2]	177,418	177,418
E. Shanks, Jr.[2]	171,291	171,291
A. Williams[2]	161,291	161,291

(1) Because we do not have pension or retirement plans for our non-employee directors and all compensation is paid in cash, “Change in Pension Value and Non-qualified Deferred Compensation Earnings” and “All Other Compensation” columns have been omitted.

(2) In addition to the annual Board service and appropriate Committee Chair retainers, the amount represents partial annual compensation for service as a member of the Audit Committee or as a Committee Chair during 2016. In February 2016, Mr. Hartnack left, and Mr. Retsinas joined, the Audit Committee, the Chair of the Nominating and Governance Committee transitioned from Mr. Shanks to Mr. Hartnack, and the Chair of the Compensation Committee transitioned from Mr. Williams to Mr. Retsinas. In June 2016, the Chair of the Risk Committee transitioned from Mr. Kohlhagen to Mr. Naqvi.

Indemnification. We have 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 “Executive Compensation — CD&A — Written Agreements Relating to NEO Employment — Indemnification Agreements.”

EXECUTIVE OFFICERS

As of February 16, 2017, our executive officers are as follows:

Donald H. Layton	Position:
Age: 66	Chief Executive Officer
Year of Affiliation: 2012	

Mr. Layton has served as our CEO and a member of our Board since May 2012. See "Director Biographical Information" for a brief biographical description for Mr. Layton.

James G. Mackey	Position:
Age: 49	Executive Vice President - Chief Financial Officer
Year of Affiliation: 2013	

Mr. Mackey has served as our EVP - Chief Financial Officer since November 2013. He joined us from Ally Financial Inc., an auto finance and direct banking financial services company, where he served as Executive Vice President and Chief Financial Officer beginning in June 2011, after serving as Interim Chief Financial Officer from April 2010. Mr. Mackey joined Ally Financial in March 2009 as Group Vice President and Senior Finance Executive. Previously, he served as Chief Financial Officer for the Corporate Investments, Corporate Treasury, and Private Equity divisions at Bank of America Corporation, a financial services firm, from 2007 to 2009.

David M. Brickman	Position:
Age: 51	Executive Vice President - Multifamily
Year of Affiliation: 1999	

Mr. Brickman has served as our EVP - Multifamily since February 2014 and prior to that served as our SVP - Multifamily since July 2011. In these roles, he has been responsible for overall management of our Multifamily business line. From June 2011 until July 2011, he served as SVP - Multifamily Capital Markets, and from March 2004 to June 2011, he served as Vice President in charge of various units responsible for Multifamily Capital Markets. In his previous roles at Freddie Mac, Mr. Brickman led the multifamily securitization, pricing, costing, portfolio management, and research teams; was responsible for the development and implementation of new quantitative pricing models and financial risk analysis frameworks for all multifamily programs; and designed several of our multifamily loan and securitization products, including the Capital Markets Execution and the K-Deal Securitization Program. Prior to joining Freddie Mac in 1999, Mr. Brickman co-led the Mortgage Finance and Credit Analysis group in the consulting practice at PricewaterhouseCoopers LLP.

Anil D. Hinduja	Position:
Age: 53	Executive Vice President - Chief Enterprise Risk
Year of Affiliation: 2015	Officer

Mr. Hinduja has served as our EVP - Chief Enterprise Risk Officer since July 2015. In this role, he provides overall direction and leadership for the Risk function and is responsible for leading an integrated risk management framework for all aspects of risk across the entire company. He joined Freddie Mac from Barclays PLC, where he served in increasingly broader risk management roles beginning in 2009, including Chief Risk Officer for Barclays Africa Group Limited, Group Credit Director for Retail Credit Risk, and Chief Risk Officer for Barclays' retail bank in the U.K. Prior to joining Barclays, Mr. Hinduja spent 19 years at Citigroup in diverse roles with increasing responsibility across finance, operations, sales and distribution, business, and risk management in global consumer businesses. In risk, he was Director for Global Consumer Credit Risk and then Chief Risk Officer for the Consumer Lending Group, where he was responsible for managing risk in the mortgage, auto, and student loan businesses. His tenure at Citigroup culminated in his term as President and CEO of Citi Home Equity.

Michael T. Hutchins	Position:
Age: 61	Executive Vice President - Investments and
Year of Affiliation: 2013	Capital Markets

Mr. Hutchins has served as our EVP - Investments and Capital Markets since January 2015 and prior to that served as SVP - Investments and Capital Markets from July 2013. Previously, Mr. Hutchins was Co-Founder and Chief Executive Officer of PrinceRidge, a financial services firm. Prior to PrinceRidge, he was with UBS from 1996 to 2007, holding a variety of positions, including the Global Head of the Fixed Income Rates & Currencies Group. Prior to UBS, Mr. Hutchins worked at Salomon Brothers from 1986 to 1996, where he held a number of management positions, including Co-Head of Fixed Income Capital Markets.

David B. Lowman	Position:
Age: 59	Executive Vice President - Single-Family Business
Year of Affiliation: 2013	

Mr. Lowman has served as our EVP - Single-Family Business since May 2013. In addition, since November 2014 he has served as a member of the Board of Managers of CSS. Previously, Mr. Lowman served as a Senior Advisor to The Boston Consulting Group. Prior to that, he was the Chief Executive Officer of Chase Home Lending from 2006 to 2011. Before Chase Home Lending, he spent a decade in senior leadership roles in various lending businesses of Citigroup, including head of CitiMortgage and Citicorp Trust Bank, FSB. Before joining Citigroup, Mr. Lowman spent 11 years at The Prudential Home Mortgage Company, Inc. in progressively senior leadership roles. He started his career at KPMG where his clients included banks, thrifts, and mortgage bankers.

Robert Lux	Position:
Age: 53	Executive Vice President - Chief Information Officer
Year of Affiliation: 2010	

Mr. Lux has served as our EVP - Chief Information Officer since January 2015 and prior to that served as SVP - Chief Information Officer from October 2010. Prior to joining Freddie Mac, from 2008 to 2010, Mr. Lux served as a Principal at Towers Watson, a leading global professional services company, where he was responsible for leading teams on three continents in the delivery of commercial risk modeling applications for the insurance industry. From 2003 to 2008, Mr. Lux held a series of positions with increasing responsibilities, including service as the Chief Architect for GMAC Financial Services and Chief Technology Officer for GMAC Residential Capital. Prior to that, he held information technology leadership positions at Electronic Data Systems and Reuters Group PLC.

William H. McDavid	Position:
Age: 70	Executive Vice President - General Counsel &
Year of Affiliation: 2012	Corporate Secretary

Mr. McDavid has served as our EVP - General Counsel & Corporate Secretary since July 2012. Previously, he was Co-General Counsel of JPMorgan Chase from 2004 until his retirement in 2006 and was General Counsel of JPMorgan Chase from 2000 to 2004. Prior to that, he was General Counsel of various predecessors to JPMorgan Chase, including The Chase Manhattan Corporation from 1996 to 2000 and Chemical Banking Corporation from 1988 to 1996. From 1981 to 1988, he was an Associate General Counsel at Bankers Trust Company, and from 1972 to 1981, he was an attorney with the law firm of Debevoise & Plimpton.

Jerry Weiss	Position:
Age: 58	Executive Vice President - Chief Administrative
Year of Affiliation: 2003	Officer

Mr. Weiss has served as our EVP - Chief Administrative Officer since August 2010. In this role, he manages the services and operations of Freddie Mac's External Relations, including Government and Industry Relations and Public Policy; Public Relations and Corporate Marketing; Internal Communications; Conservatorship and Corporate Strategic Initiatives; Enterprise Program Management; Making Home Affordable - Compliance; Economic and Housing Research; Corporate Services; and Strategic Sourcing and Procurement organizations. In addition, since November 2014 he has served as a member of the Board of Managers of CSS. He also served as our CCO from August 2010 until June 2011. Prior to August 2010, Mr. Weiss served as our SVP and CCO and in various other senior management capacities since joining us in October 2003. Prior to joining us, Mr. Weiss worked from 1990 at Merrill Lynch Investment Managers, most recently as First Vice President and Global Head of Compliance. From 1982 to 1990, Mr. Weiss was with a national law practice in Washington, D.C., where he specialized in securities regulation and corporate finance matters.

CODES OF CONDUCT

We have separate codes of conduct for our employees and Board members. The employee code also serves as the code of ethics for senior executives and financial officers required by the Sarbanes-Oxley Act of 2002 and SEC regulations. All employees, including senior executives and financial officers, are required to sign an annual acknowledgment that they have read the employee code and agree to abide by it and will report suspected deviations from the employee code. When joining our Board, our directors acknowledge that they have reviewed and understand the director code and agree to be bound by its provisions, and each director executes a related confirmation annually.

Copies of our employee and director codes of conduct are available, and any amendments or waivers that would be required to be disclosed are posted, on our website at www.freddiemac.com.

EXECUTIVE COMPENSATION
COMPENSATION DISCUSSION AND ANALYSIS

This section contains information regarding our compensation programs and policies (all of which have been approved by FHFA) and the compensation of the following individuals who we determined to be our Named Executive Officers, or NEOs, for the year ended December 31, 2016.

Named Executive Officers	
Donald H. Layton	Chief Executive Officer
James G. Mackey	Executive Vice President - Chief Financial Officer
Anil D. Hinduja	Executive Vice President - Chief Enterprise Risk Officer
David B. Lowman	Executive Vice President - Single-Family Business
William H. McDavid	Executive Vice President - General Counsel & Corporate Secretary

For information on our primary business objectives and the progress we made during 2016 toward accomplishing those objectives, see “Introduction — About Freddie Mac.”

OVERVIEW OF EXECUTIVE MANAGEMENT COMPENSATION PROGRAM

Compensation in 2016 for each NEO, other than Mr. Layton, whose compensation is discussed below, was governed by the Executive Management Compensation Program, or EMCP. The EMCP balances our need to retain and attract executive talent with promoting the conservatorship objectives included in FHFA’s Conservatorship Scorecard, as well as goals separately established by management related to the commercial aspects of our business, which are included in our Corporate Scorecard. All compensation under the EMCP is delivered in cash because the Purchase Agreement does not permit us to provide equity-based compensation to our employees unless approved by Treasury.
Additional information about the EMCP is provided below and in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2015 filed on August 4, 2015.

Executive Compensation Compensation Discussion and Analysis

ELEMENTS OF TARGET TOTAL DIRECT COMPENSATION

Compensation under the EMCP in 2016 consisted of the following elements:

Base Salary	Deferred Salary		
	Fixed Deferred Salary	At-Risk Deferred Salary	
		Conservatorship Scorecard	Corporate Scorecard/ Individual
Cannot exceed $500,000 without FHFA approval	To encourage executive retention	To encourage achievement of conservatorship, corporate, and individual performance goals	
Earned and paid bi-weekly	Equal to total Deferred Salary less the At-Risk portion	Subject to reduction based on Conservatorship Scorecard performance	Subject to reduction based on performance against both the Corporate Scorecard and individual objectives
	The amount earned in each quarter is paid on the last pay date of the corresponding quarter in the following year, referred to as the Approved Payment Schedule		
	Interest accrues on Deferred Salary at one-half of the one-year Treasury Bill rate in effect on the last business day immediately preceding the year in which the Deferred Salary is earned and is paid at the same time as the Deferred Salary to which it relates.		

The objectives against which 2016 corporate performance was measured, together with the assessment of actual performance against those objectives, are described in “Determination of 2016 At-Risk Deferred Salary — At-Risk Deferred Salary Based on Conservatorship Scorecard Performance” and “Determination of 2016 At-Risk Deferred Salary — At-Risk Deferred Salary Based on Corporate Scorecard Goals and Individual Performance.” These performance measures were chosen because they reflected our 2016 priorities during conservatorship.

See “Other Executive Compensation Considerations — Effect of Termination of Employment” for information on the effect of a termination of employment, including the timing and payment of any unpaid portion of Deferred Salary and related interest.

EXECUTIVE COMPENSATION BEST PRACTICES

What We Do	What We Don't Do
ü Clawback provisions with a significant portion of compensation subject to recapture and/or forfeiture	ý No agreements that guarantee a specific amount of compensation for a specified term of employment
ü Use of an independent compensation consultant by the Board’s Compensation Committee	ý No golden parachute payments or other similar change in control provisions
ü	ý

	Annual compensation risk review		No tax “gross-ups”
ü	Single executive perquisite, reimbursement of tax, estate, and/or personal financial planning expenses (up to $4,500 annually, with an additional $2,500 in the first year of eligibility)	ý	No hedging or pledging of company securities permitted
ü	Evaluation of company performance against multiple measures, including non-financial measures		

CEO COMPENSATION

Mr. Layton’s compensation in 2016 consisted solely of an annual Base Salary of $600,000, a level established by FHFA pursuant to the Equity in Government Compensation Act of 2015. In 2016, he did not, and currently does not, participate in the EMCP and therefore has no compensation subject to either corporate or individual performance. Mr. Layton's compensation in 2017 is unchanged from 2016.

Mr. Layton is eligible to participate in all employee benefit plans offered to Freddie Mac’s other senior executives under the terms of those plans.

DETERMINATION OF 2016 TARGET TDC FOR NEOs

ROLE OF COMPENSATION CONSULTANT

As part of the annual process to determine the Target TDC for each of the NEOs, the Compensation Committee receives guidance from Meridian Compensation Partners, LLC (“Meridian”), its independent compensation consultant. In addition to the annual process to determine Target TDC, Meridian provides guidance to the Compensation Committee throughout the year on other executive compensation matters.

Meridian has not provided the Compensation Committee with any non-executive compensation services, nor has the firm provided any consulting services to our management. During 2016, the Compensation Committee reviewed Meridian’s independence based on the factors outlined in Exchange Act Rule 10C-1(b)(4) and determined that Meridian continues to be independent.

2016 COMPARATOR GROUP COMPANIES

The Compensation Committee annually evaluates each eligible NEO’s Target TDC in relation to 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 necessary skills and capabilities. We refer to this group of companies as the Comparator Group.

When there is either no reasonable match or insufficient data from the Comparator Group for a position, or if Meridian believes that additional data sources would strengthen the analysis of competitive market compensation levels, the Compensation Committee may use alternative survey sources.

At FHFA’s recommendation, Freddie Mac and Fannie Mae have aligned their Comparator Groups so that consistent compensation data is used by both companies for the same or similar senior officer positions.

The Comparator Group used to determine compensation for 2016 consisted of the following companies, which include no changes from the 2015 Comparator Group:

Allstate	Citigroup*	PNC
Ally Financial	Fannie Mae	Prudential
AIG	Fifth Third Bancorp	Regions Financial
Bank of America*	The Hartford	State Street
Bank of New York Mellon	JPMorgan Chase*	SunTrust
BB&T	MetLife	U.S. Bancorp
Capital One	Northern Trust	Wells Fargo*

* Only mortgage or real estate division-level compensation data from

these diversified banking firms may be utilized where available and appropriate for the position being benchmarked.

The Compensation Committee has determined that these same companies will comprise the 2017 Comparator Group.

ESTABLISHING TARGET TDC

The Compensation Committee developed its 2016 Target TDC recommendations for the eligible NEOs by reviewing data from the Comparator Group. The Compensation Committee's 2016 Target TDC recommendation for each of the eligible NEOs was reviewed and approved by FHFA.

2016 TARGET TDC

The following table sets forth the components of 2016 Target TDC for each of our eligible NEOs.

	2016 Target TDC			
Named Executive Officer[(1)]	Base Salary	Fixed Deferred Salary	At-Risk Deferred Salary	Target TDC
James G. Mackey	500,000	1,600,000	900,000	3,000,000
Anil D. Hinduja	500,000	1,075,000	675,000	2,250,000
David B. Lowman	500,000	1,600,000	900,000	3,000,000
William H. McDavid	500,000	1,320,000	780,000	2,600,000

(1) Mr. Layton did not participate in the EMCP in 2016 and therefore is not included in this table. For a discussion of Mr. Layton's compensation, see "CEO Compensation" above.

The 2016 Target TDC amounts shown above for eligible NEOs were the same as in 2015.

2017 TARGET TDC

The following table sets forth the components of 2017 Target TDC for each of our eligible NEOs.

	2017 Target TDC			
Named Executive Officer[(1)]	Base Salary	Fixed Deferred Salary	At-Risk Deferred Salary	Target TDC
James G. Mackey	500,000	1,775,000	975,000	3,250,000
Anil D. Hinduja	500,000	1,180,000	720,000	2,400,000
David B. Lowman	500,000	1,775,000	975,000	3,250,000
William H. McDavid	500,000	1,460,000	840,000	2,800,000

(1) Mr. Layton will not participate in the EMCP in 2017 and therefore is not included in this table. For a discussion of Mr. Layton's compensation, see "CEO Compensation" above.

The Compensation Committee developed its 2017 Target TDC recommendations for the eligible NEOs by reviewing data from the Comparator Group, their current compensation positioning relative to the competitive market data, and their individual performance. The Compensation Committee recommended increases to 2017 Target TDCs for each of the NEOs after taking into account their individual performance and to move their compensation closer to the 50th percentile of the Comparator Group. The Compensation Committee's 2017 Target TDC recommendation for each of the eligible NEOs was reviewed and approved by FHFA.

DETERMINATION OF 2016 AT-RISK DEFERRED SALARY

The Compensation Committee and FHFA considered our achievements in pursuing our primary business objectives, as well as other factors, in determining the funding level for At-Risk Deferred Salary in 2016. FHFA determined the funding level for the portion of At-Risk Deferred Salary based on Conservatorship Scorecard performance, and the Compensation Committee determined, with FHFA's review and approval, the amounts payable to each eligible NEO for the portion of At-Risk Deferred Salary based on Corporate Scorecard goals and individual performance.

AT-RISK DEFERRED SALARY BASED ON CONSERVATORSHIP SCORECARD PERFORMANCE

Half of each eligible NEO's 2016 At-Risk Deferred Salary, or 15% of Target TDC, was subject to reduction based on FHFA's assessment of the company's performance against the objectives in the 2016 Conservatorship Scorecard. FHFA independently assessed the company's performance and determined that a 98% funding level was justified for the portion of the eligible NEOs' At-Risk Deferred Salary based on the 2016 Conservatorship Scorecard. FHFA noted the following considerations in assessing our performance against the 2016 Conservatorship Scorecard:

- Our contribution to maintaining the national housing finance markets through rolling out a program which provides lenders an alternative for resolving loan-level disputes on repurchase demands for selling and servicing breaches as well as our diligence and collaboration on the Neighborhood Stabilization Initiative;
- Our continuing efforts to reduce taxpayer risk by pursuing new and innovative approaches to single-family and multifamily risk transfer transactions and advancing the Risk Management framework; and
- Our collaboration with CSS to complete Release 1 of the common securitization platform.

In making its assessment, FHFA also took into consideration the following:

- The extent to which the company conducts initiatives in a safe and sound manner consistent with FHFA's expectations for all activities;
- The extent to which the outcomes of the company's activities support a competitive and resilient secondary mortgage market to support homeowners and renters;
- The extent to which the company conducts initiatives with the consideration for diversity and inclusion consistent with FHFA's expectations for all activities;
- Cooperation and collaboration with FHFA, Fannie Mae, CSS, the industry, and other stakeholders; and
- The quality, thoroughness, creativity, effectiveness, and timeliness of the company's work products.

The table below presents the Conservatorship Scorecard objectives and FHFA's assessment of our achievement against those objectives.

Executive Compensation Compensation Discussion and Analysis

	Performance Goals	FHFA's Summary of Performance
1	Maintain in a safe and sound manner, credit availability and foreclosure prevention activities for new and refinanced mortgages to foster liquid, efficient, competitive and resilient national housing finance markets (40%)	
	Work to increase access to single-family mortgage credit for creditworthy borrowers, consistent with the full extent of applicable credit requirements and risk management practices: • Continue to assess impediments to credit access and develop recommendations to address barriers, including work to: • Continue to evaluate practices, including underwriting criteria, to improve access to single-family credit in a manner consistent with safety and soundness and implement improvements as appropriate. • Consider options to use automated underwriting systems for	All goals were achieved with important progress made with the rollout of the Independent Resolution program which provides lenders an alternative for resolving loan-level disputes on repurchase demands for selling and servicing breaches. Significant progress has also been made with updating the mortgage insurer master policy rescission relief principles which is expected to be completed in 2017.

loans that are currently manually underwritten.

- Evaluate options that would enable greater liquidity for Freddie Mac financing of energy or water efficiency investments in single-family and multifamily properties.

- Complete work to enhance the Representation and Warranty Framework and continue work on related efforts to:
  - Complete the independent dispute resolution process in support of the Representation and Warranty Framework.
  - Work with lenders to improve the quality and efficiency of the loan origination process, including providing lenders with feedback soon after delivery.
  - Continue to assess policies and tools to review collateral valuations in

the Representation and Warranty Framework context.

- Update mortgage insurer master policy rescission relief principles to address early rescission relief offerings.
- Assess improvements identified in 2015 to increase the effectiveness of pre-purchase and early delinquency counseling as well as homeownership education and begin implementation of initiatives as appropriate.
- Informed by the analysis conducted in 2015, conclude assessment of leveraging alternate or updated credit scores for underwriting, pricing, and investor disclosures and, as appropriate, plan for implementation.

Develop Post-Crisis Loss Mitigation Activities and Prepare for the Expiration of HAMP and HARP:

• Complete assessment and, as appropriate, begin development of a high loan-to-value ratio refinance program to ensure a January 2017 implementation. • Develop and implement final strategy to promote HARP prior to expiration. • Finalize post-crisis loss mitigation options for borrowers, including loan modifications, and develop an implementation plan and timeline. • Enhance the Uniform Borrower Assistance Form. • Update and enhance Freddie Mac's servicer scorecard methodology.	All goals were achieved.

Continue to Responsibly Reduce the Number of Severely-Aged Delinquent Loans and Real Estate Owned Properties: • Provide a plan for continuing non-performing loan (NPL) sales to FHFA for approval. The plan should address: 1) Freddie Mac's broad NPL sales strategy; 2) potential expansion to multi-servicer pools; 3) efforts to continue offering small pools and strengthening nonprofit access and purchase opportunities; 4) consideration for improving borrower outcomes and, where appropriate, impacts on neighborhood stabilization; and 5) public reporting of loan performance post sale. • Continue to responsibly reduce the number of severely-aged delinquent loans held by Freddie Mac at the national and local level. • Continue to responsibly reduce the number of real estate owned properties held by Freddie Mac, including through the Neighborhood Stabilization Initiative.	All goals were achieved with the company demonstrating diligence and collaboration in the Neighborhood Stabilization initiative program resulting in responsible disposition of Real Estate Owned properties in hardest-hit communities.

Executive Compensation Compensation Discussion and Analysis

Maintain the dollar volume of new multifamily business at $36.5 billion or below: • Loans in affordable and underserved market segments, as defined by FHFA, are to be excluded from the $36.5 billion cap.	Goal was achieved.
2 Reduce taxpayer risk through increasing the role of private capital in the mortgage market (30%)	
Single-Family Credit Risk Transfers Because Freddie Mac's single-family credit risk transfers have evolved into a core business practice, it is FHFA's current expectation that single-family credit risk transfers will continue to be an ongoing conservatorship requirement. FHFA will adjust targets as necessary to reflect market conditions and economic considerations.	
• Meet the following credit risk transfer objectives: • Transfer credit risk on at least 90 percent of the unpaid principal balance of newly acquired single-family mortgages in loan categories targeted for risk transfer. • For 2016, target single-family loan categories include: non-HARP, fixed-rate terms greater than 20 years, and loan-to-value ratios above 60%. • Transfer a substantial portion of the credit risk on the targeted loan categories covering most of the credit losses projected to occur during stressful economic scenarios. • Continue efforts to evaluate, and implement if economically feasible, ways to transfer credit risk on other types of newly acquired single-family mortgages that are not included in the targeted loan categories. • Continue to evaluate obstacles to expanding the investor base, propose ways to overcome these challenges, and work with FHFA to address them where possible. • Work with FHFA to conduct an analysis and assessment of front-end credit risk transfer transactions, including work to support a forthcoming FHFA Request for Input. • Work with FHFA to engage key stakeholders and solicit their feedback. • After conducting the necessary analysis and assessment, work with FHFA to take appropriate steps to continue front-end credit risk transfer transactions.	All goals were achieved through the company's innovative approaches to transfer risk on single-family mortgages.
Multifamily Credit Risk Transfers • Continue current multifamily credit risk transfer initiatives and explore additional risk transfer opportunities.	Goal was achieved through expediting new multi-family transactions to transfer credit risk

	to third-party investors for loans not efficient for K-Deal execution.
Retained Portfolio	
• Execute FHFA-approved retained portfolio plans to meet, even under adverse conditions, the annual PSPA requirements and the $250 billion PSPA cap by December 31, 2018:	Goal was achieved.
• Any sales should be commercially reasonable transactions that consider impacts to the market, borrowers, and neighborhood stability.	
Risk Measurement Framework	Goal was achieved with demonstrated leadership.
• Support FHFA's development of its risk measurement framework for evaluating Freddie Mac business decisions during conservatorship.	

3 Build a new single-family infrastructure for use by the Enterprises and adaptable for use by other participants in the secondary market in the future (30%)

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Common Securitization Platform and Single Security The Common Securitization Platform (CSP) and Single Security are significant, multiyear initiatives, and FHFA expects these inter-related projects to remain ongoing conservatorship priorities. FHFA expects the Enterprises and Common Securitization Solutions, LLC (CSS) to implement these initiatives on the following timeline: i. Release 1: In 2016, implement the CSP for Freddie Mac's existing single-class securities; and ii. Release 2: In 2018, implement the Single Security on the CSP for both Fannie Mae and Freddie Mac.	All goals were achieved, except for the publication of timeline for the Single Security implementation. Although the publication of the timeline was not met, significant work was done and many objectives were achieved.

- Continue working with FHFA, Fannie Mae, and CSS to meet the Release 1 and Release 2 timelines, which includes work to: 1) build and test the CSP; 2) implement the changes necessary to integrate the Enterprises' related systems and operations with the CSP; and 3) implement the Single Security on the CSP for both Enterprises.
- Incorporate the following design principles in developing the CSP:
  - Focus on the functions necessary for current Enterprise single-family securitization activities.
  - Include the development of operational and system capabilities necessary for CSP to facilitate the issuance and

administration of a Single Security for the Enterprises.

- Allow for the integration of additional market participants in the future.

- In 2016, publish an aligned timeline for implementing the Single Security on the CSP for both Enterprises in 2018. The timeline must provide stakeholders with at least 12 months notice prior to implementing the Single Security.
- Work with FHFA to develop and implement a process at each Enterprise to:
  - Assess new or revised Enterprise programs, policies, and practices for their effects on the cash flows of TBA mortgage-backed securities (e.g., prepayments and loan buy-outs).
  - Provide on-going monitoring of purchases, security issuances, and prepayments.
  - Provide all relevant information on a timely basis to support FHFA's review process.
- Continue to work with CSS to obtain and utilize input from the

Single Security/CSP Industry Advisory Group.	
Provide active support for mortgage data standardization initiatives. • Continue the development and implementation of the Uniform Closing Disclosure Dataset. • Continue the development and implementation of the Uniform Loan Application Dataset. • Assess and, as appropriate, implement strategies to improve the lending industry's ability to originate and deliver e-mortgages to the Enterprises.	All goals were achieved.

AT-RISK DEFERRED SALARY BASED ON CORPORATE SCORECARD GOALS AND INDIVIDUAL PERFORMANCE

The other half of each eligible NEO's At-Risk Deferred Salary, also equal to 15% of Target TDC, was subject to reduction based on a combination of the company's performance against the Corporate Scorecard goals and the NEO's individual performance. The five Corporate Scorecard goals drive how we manage and improve the commercial aspects of our business and are intended to complement the FHFA Strategic Plan and Conservatorship Scorecard. Certain of the individual performance objectives for the eligible NEOs were either Conservatorship Scorecard objectives or Corporate Scorecard goals, or directly supported their achievement.

Executive Compensation Compensation Discussion and Analysis

No weightings were assigned to the Corporate Scorecard goals. As a result, it was necessary for the Compensation Committee to use its judgment in determining the overall level of performance. In making its determination, the Committee primarily considered the fact that the vast majority of the Corporate Scorecard goals were achieved or exceeded. The Compensation Committee determined that, based on the company's performance against the Corporate Scorecard, a 100% funding level was justified for this portion of At-Risk Deferred Salary.

The Board has adopted Corporate Scorecard goals for 2017 that are substantially similar to the 2016 goals.

The table below presents the Corporate Scorecard goals and the Compensation Committee's assessment of our achievement against those goals.

Corporate Scorecard Goal	Assessment of Performance
Our Customers Compete for business by being a customer-centric organization	The company achieved or exceeded almost all elements of this goal. Significant improvements were made in the quality of customer service with a strong increase in customer satisfaction survey scores for the multifamily business. In addition, the single-family customer satisfaction survey results remained in line with top performing financial institutions.
People and Culture Hire and retain talented people in a winning culture	Most elements of this goal were achieved or exceeded. Focused efforts to build the company's desired culture have yielded positive results,

	including improved scores on the company's People Survey. The company also increased the retention of high-performing employees and continued to improve leadership diversity. Although the company improved its practice of filling management roles with internal candidates, it did not do so to the full extent desired.
Operating Performance Operate as well as the best-run financial institutions	All elements of this goal were achieved or exceeded. Single-family core new book earnings and multifamily comprehensive income were above plan, and the company had lower core G&A expenses. Multifamily new business volume was also above plan, and the company achieved its single-family GSE market share target.
Risk and Capital Management	All elements of this goal were achieved or

Manage risk and capital as well as the largest financial institutions	exceeded. The company continued to mitigate the its risk through the transfer of credit risk on single-family new business, developed additional types of multifamily risk transfer transactions, and pro-actively and efficiently reduced legacy assets.
Community Mission	
Responsibly increase access to housing finance	Based on preliminary information, the company believes it met three of the single-family affordable housing goals, but believes that it fell short of meeting the FHFA benchmark level for the other two single-family goals. The company believes it achieved all three multifamily affordable housing goals and exceeded the target for new multifamily affordable lending. The company continued to close the gap on

its single-family affordable housing goals, which were missed by the smallest margin in the past three years. The single-family business continued to broaden access to credit with outreach and training and with the Home Possible Advantage and Housing Finance Agency Advantage mortgage products. The multifamily business continued its focus on workforce and affordable housing by rolling out the company's Green Advantage suite of offerings and investing in the Targeted Affordable business and the moderate rehabilitation lending program.

The Compensation Committee also assessed the individual performance of each eligible NEO. In making its assessments, the Committee took into consideration input from Mr. Layton as well as the company’s Corporate Scorecard performance. In each case, the Compensation Committee’s determination was consistent with Mr. Layton’s recommendation. FHFA reviewed and approved the compensation associated with these determinations.
Each NEO’s individual performance is discussed below.

Executive Compensation Compensation Discussion and Analysis

James G. Mackey
Executive Vice President — Chief Financial Officer

Performance Highlights:

Near-complete development and implementation of hedge accounting with full safety and soundness.

Improved budgeting process, with more timely budget development, greater transparency, and improved internal cost allocation capabilities.

Further financial planning and analysis improvement, including training, tools, and productivity metrics.

Continued operation efficiency improvements, which included streamlining records management, SEC reporting and disclosures, redefined segment earnings and press release design, and Dodd-Frank Stress Testing (“DFAST”) process submissions.

Continued strengthening of legacy controls, including the successful remediation of the Master Trust Agreement cash process.

Strong leadership in the development of management in the Finance Division, including ongoing job rotation programs for key personnel.

At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision:

The Compensation Committee determined that Mr. Mackey should receive 100% of his At-Risk Deferred Salary that was subject to reduction based on the company’s performance against the Corporate Scorecard and his individual performance.

Anil D. Hinduja
Executive Vice President — Chief Enterprise Risk Officer

Performance Highlights:

Significantly upgraded the company’s Enterprise Risk Framework, Policies, and Standards, addressing accountabilities, risk types, and governance.

Successfully aided development of the FHFA Conservator Capital Framework and prepared for 2017 implementation.

Defined the strategy and roadmap for a major strengthening of operational risk management in the company, including personal leadership across the entire enterprise.
Developed risk appetite methodology for Credit, Market and Liquidity Risks.

Increased the capabilities of the Enterprise Risk Management Division by hiring experienced officers in several key areas.

At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision:
The Compensation Committee determined that Mr. Hinduja should receive 100% of his At-Risk Deferred Salary that was subject to reduction based on the company’s performance against the Corporate Scorecard and his individual performance.

David
Executive Vice President — Single-Family Business
Lowman
Performance Highlights:
Achieved higher Single-Family earnings (excluding the legacy portfolio) in 2016 over the prior year.

Led the successful launch of the Loan Advisor Suite.
Expanded credit risk transfer offerings, including STACR Collateral, ACIS Stand Alone and Deep MI.

Improved the performance of meeting all of the company’s single-family affordable housing goals.

Continued ongoing improvement in customer service; 2016 results were consistent with customer satisfaction at the best financial institutions.
At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision:
The Compensation Committee determined that Mr. Lowman should receive 100% of his At-Risk Deferred Salary that was subject to reduction based on the company’s performance against the Corporate Scorecard and his individual performance.

William
Executive Vice President — General Counsel & Corporate Secretary
McDavid
Performance Highlights:

Supervised the successful resolution of a variety of lawsuits resulting in favorable settlements and helped effectively navigate a number of new regulatory initiatives.
Provided sound legal advice to the Board and senior management on a wide variety of significant issues.
Successfully supported the increased volume and complexity of Single-Family transactions and securitizations.
Successfully supported the substantially increased volume of Multifamily transactions.

Continued to maintain a high level of internal client satisfaction.

At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision:
The Compensation Committee determined that Mr. McDavid should receive 95% of his At-Risk Deferred Salary that was subject to reduction based on the company's performance against the Corporate Scorecard and his individual performance.

2016 DEFERRED SALARY

The following chart reports the actual amounts of 2016 Deferred Salary for each eligible NEO. The actual amount earned in each calendar quarter is scheduled to be paid on the last pay date of the corresponding calendar quarter in 2017.

	2016 Actual Deferred Salary						
		At-Risk					
Named Executive Officer[1]	Fixed	Conservatorship Scorecard	% of Target	Corporate Scorecard/ Individual	% of Target	Total Actual Deferred Salary	% of Target
Mr. Mackey	1,600,000	441,000	98%	450,000	100%	2,491,000	99.6%
Mr. Hinduja	1,075,000	330,750	98%	337,500	100%	1,743,250	99.6%
Mr. Lowman	1,600,000	441,000	98%	450,000	100%	2,491,000	99.6%
Mr. McDavid	1,320,000	382,200	98%	370,500	95%	2,072,700	98.7%

(1) Mr. Layton was not eligible for deferred salary in 2016 and therefore is not included in this table.

WRITTEN AGREEMENTS RELATING TO NEO EMPLOYMENT

We entered into letter agreements with each of our NEOs in connection with their hiring. Although the letter agreements set forth specific initial levels of Base Salary and, where applicable, Target TDC, the compensation of each NEO is subject to change by FHFA and to the terms of the EMCP.

We also entered into restrictive covenant and confidentiality agreements with each of our NEOs in connection with their hiring. The non-competition and non-solicitation provisions included in the restrictive covenant and confidentiality agreements are described in "Restrictive Covenant and Confidentiality Agreements."

The NEOs are not currently entitled to a guaranteed level of severance benefits upon any type of termination event. For additional information on compensation and benefits payable in the event of a termination of employment, see "Potential Payments Upon Termination of Employment."

MR. LAYTON

We entered into a letter agreement and a restrictive covenant and confidentiality agreement with Mr. Layton in connection with his employment as our CEO. The terms of Mr. Layton's letter agreement provide him with an annual Base Salary of $600,000 and the opportunity to participate in all employee benefit plans offered to Freddie Mac's executive officers pursuant to the terms of these plans. Copies of Mr. Layton's letter agreement and restrictive covenant and confidentiality agreement were filed as Exhibits 10.1 and 10.2, respectively, to our Current Report on Form 8-K filed on May 10, 2012.

MR. MACKEY

We entered into a letter agreement and a restrictive covenant and confidentiality agreement with Mr. Mackey in connection with his employment as our CFO. The terms of Mr. Mackey's letter agreement provide him with an annual Target TDC opportunity of $3,000,000, consisting of Base Salary of $500,000 and Deferred Salary of $2,500,000, and the opportunity to participate in all employee benefit plans offered to Freddie Mac's executive officers pursuant to the terms of these plans.

Mr. Mackey's letter agreement also provided for a cash sign-on award of $960,000 in recognition of the forfeited compensation at his prior employer and commuting expenses during the first several months of his employment. This award was paid in installments during Mr. Mackey's first year of employment with us, as follows: (i) first installment: $510,000 on the same date on which Mr. Mackey received his first payment of Base Salary; (ii) second installment: $225,000 on the six-month anniversary of his hire date; and (iii) third installment: $225,000 on the one-year anniversary of his hire date. Copies of Mr. Mackey's letter agreement and restrictive covenant and confidentiality agreement were filed as Exhibits 10.1 and 10.2, respectively, to our Current Report on Form 8-K filed on September 30, 2013.

MR. HINDUJA

We entered into a letter agreement and a restrictive covenant and confidentiality agreement with Mr. Hinduja in connection with his employment as our EVP - Chief Enterprise Risk Officer. The terms of Mr. Hinduja's letter agreement provide him with an annual Target TDC opportunity of $2,250,000, consisting of Base Salary of $500,000 and Deferred Salary of $1,750,000, and the opportunity to participate in all employee benefit plans offered to Freddie Mac's executive officers pursuant to the terms of these plans.

Mr. Hinduja's letter agreement also provided for a cash sign-on award of $1,200,000 in recognition of the forfeited compensation at his prior employer. This award is paid in installments as follows: (i) first installment: $350,000 on the same date on which Mr. Hinduja received his first payment of Base Salary; (ii) second installment: $400,000 in March 2016; (iii) third installment: $300,000 in March 2017; and (iv) fourth installment: $150,000 in March 2018. As required by the terms of Mr. Hinduja's letter agreement and as a result of the imposition of a waiting period by his prior employer during which he was not permitted to begin his employment with us, the amount of the second installment was increased by $262,500. Each installment is subject to repayment in the event that, prior to the first anniversary of an installment payment date, Mr. Hinduja terminates his employment with Freddie Mac for any reason or Freddie Mac terminates his employment due to the occurrence of any of the Forfeiture Events described in his Recapture and Forfeiture Agreement. Copies of Mr. Hinduja's letter agreement and restrictive covenant and confidentiality agreement are filed as Exhibits 10.28 and 10.29, respectively, to this Form 10-K.

MR. LOWMAN

We entered into a letter agreement and a restrictive covenant and confidentiality agreement with Mr. Lowman in connection with his employment as our EVP - Single-Family Business. The terms of Mr. Lowman's letter agreement provide him with an annual Target TDC opportunity of $3,000,000, consisting of Base Salary of $500,000 and Deferred Salary of $2,500,000, and the opportunity to participate in all employee benefit plans offered to Freddie Mac's executive officers pursuant to the terms of these plans. Copies of Mr. Lowman's letter agreement and restrictive covenant and confidentiality agreement are filed as Exhibits 10.48 and 10.49, respectively, to our Form 10-K for the fiscal year ended December 31, 2013 filed on February 27, 2014.

MR. MCDAVID

We entered into a letter agreement and a restrictive covenant and confidentiality agreement with Mr. McDavid in connection with his employment as our EVP - General Counsel and Corporate Secretary. The terms of Mr. McDavid's letter agreement provide him with an annual Target TDC opportunity of $2,600,000, which consists of Base Salary of $500,000 and Deferred Salary of $2,100,000, and the opportunity to participate in all employee benefit plans offered to Freddie Mac's executive officers pursuant to the terms of these plans. Copies of Mr. McDavid's letter agreement and restrictive covenant and confidentiality agreement were filed as Exhibits 10.1 and 10.2, respectively, to our Current Report on Form 8-K filed on July 9, 2012.

RESTRICTIVE COVENANT AND CONFIDENTIALITY AGREEMENTS

Each of our NEOs is subject to a restrictive covenant and confidentiality agreement with us. Each agreement provides that the NEO will not seek employment with designated competitors that involves performing similar duties 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 twenty-four months for Mr. Layton and twelve months for the other NEOs. During the twelve-month period immediately following termination, each NEO agrees not to solicit or recruit any of our managerial employees. The agreements also provide for the confidentiality of information that constitutes trade secrets or proprietary or other confidential information.

RECAPTURE AND FORFEITURE AGREEMENT

Freddie Mac has adopted, with the approval of FHFA, the Recapture and Forfeiture Agreement (the "Recapture Agreement"). In order to participate in the EMCP, each of our NEOs has entered into a Recapture Agreement. Mr. Layton's Recapture Agreement applies only to the Deferred Salary he earned from July 1, 2015 through November 24, 2015.

The Recapture Agreement provides for the recapture and/or forfeiture of Deferred Salary (including related interest) earned, paid, or to be paid pursuant to the terms of the EMCP if, after providing the required notice, our Board of Directors, in the good faith exercise of its sole discretion, determines that a Forfeiture Event has occurred. The Forfeiture Events and the Deferred Salary subject to recapture and/or forfeiture are described below.

- Materially Inaccurate Information

  Forfeiture Event: The NEO has earned or obtained the legally binding right to a payment of Deferred Salary based on materially inaccurate financial statements or any other materially inaccurate performance measure.

  Compensation Subject to Recapture and/or Forfeiture: Any Deferred Salary in excess of the amount that the Board determines would likely have been otherwise earned using accurate measures during the two years prior to the Forfeiture Event.

- Termination for Felony Conviction or Willful Misconduct

  Forfeiture Event: The NEO's employment is terminated in any of the following circumstances:

  Termination of employment because the NEO is convicted of, or pleads guilty or nolo contendere to, a felony;

  Subsequent to termination of employment, the NEO is convicted of, or pleads guilty or nolo contendere to, a felony, based on conduct occurring prior to termination, and within one year of such conviction or plea, the Board determines that such conduct is materially harmful to Freddie Mac.

  Termination of employment because, or within two years of termination, the Board determines that, the NEO engaged in willful misconduct in the performance of his or her duties that was materially harmful to Freddie Mac.

Compensation Subject to Recapture and/or Forfeiture: Any Deferred Salary earned during the two years prior to the date that the NEO is terminated, any Deferred Salary scheduled to be paid within two years after termination, and any cash payment made or to be made as consideration for any release of claims agreement.

- Gross Neglect or Gross Misconduct

 Forfeiture Event: The NEO's employment is terminated because, in carrying out his or her duties, the NEO engages in conduct that constitutes gross neglect or gross misconduct that is materially harmful to Freddie Mac, or within two years after the NEO's termination of employment, the Board determines that the NEO, prior to his or her termination, engaged in such conduct.

Compensation Subject to Recapture and/or Forfeiture: Any Deferred Salary paid at the time of termination or subsequent to the date of termination, including any cash payment made as consideration for any release of claims agreement.

- Violation of a Post-Termination Non-Competition Covenant

Forfeiture Event: The NEO violates a post-termination non-competition covenant set forth in the restrictive covenant and confidentiality agreement in effect when a payment of Deferred Salary is scheduled to be made.

 Compensation Subject to Recapture and/or Forfeiture: 50% of the Deferred Salary paid during the twelve months immediately preceding the violation and 100% of any unpaid Deferred Salary.

Under the Recapture Agreement, the Board has discretion to determine the appropriate dollar amount, if any, to be recaptured from and/or forfeited by the NEO, which is intended to be the gross amount of compensation in excess of what Freddie Mac would have paid the NEO had Freddie Mac taken the Forfeiture Event into consideration at the time such compensation decision was made.

A copy of the form of the Recapture Agreement is filed as Exhibit 10.18 to this Form 10-K.

The following additional event is applicable only to the CEO and CFO, to the extent they have compensation subject to reimbursement in accordance with Section 304 of the Sarbanes-Oxley Act.

- Accounting Restatement Resulting from Misconduct - If, as a result of misconduct, we are required to prepare an accounting restatement due to material non-compliance with financial reporting requirements, the CEO and CFO are required to reimburse us for amounts determined in accordance with Section 304.

INDEMNIFICATION AGREEMENTS

We have entered into indemnification agreements with each of our current executive officers (including each of our NEOs) and directors, each an indemnitee. For 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 no longer reported directly to the CEO. 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, implementing 12 U.S.C. 4518. That proposed rulemaking has not yet been finalized, and FHFA published a revised Proposed Rule on Indemnification Payments in the Federal Register on September 20, 2016. The revised Proposed Rule specifies restrictions on indemnification for actions instituted by FHFA, but indicates that the rule would not apply to regulated entities that are operating in conservatorship.

OTHER EXECUTIVE COMPENSATION CONSIDERATIONS

EFFECT OF TERMINATION OF EMPLOYMENT

The timing and payment of any unpaid portion of Deferred Salary and related interest is based upon the reason for termination, as discussed in "Potential Payments Upon Termination of Employment."

PERQUISITES

We believe that perquisites should be a minimal part of the compensation package for our NEOs. Total annual perquisites for any NEO cannot exceed $25,000 without FHFA approval, and we do not provide a gross-up to cover any taxes due on the perquisite itself. The only perquisite provided to our NEOs during 2016 was reimbursement for assistance with personal financial planning, tax planning, and/or estate planning, up to an annual maximum benefit of $4,500, with an additional $2,500 allowance provided in the first year in which an NEO becomes eligible for the benefit.

SERP

Our NEOs are eligible to participate in our SERP. The SERP is designed to provide participants with the full amount of benefits to which they would have been entitled under our Thrift/401(k) Plan if that plan was not subject to certain dollar limits under the Internal Revenue Code. This is referred to as the "SERP Benefit." For participants in the EMCP (or prior executive compensation programs), benefits under the SERP Benefit are limited in any calendar year to two times a participant's Base Salary.

For additional information regarding these benefits, see "2016 Compensation Information for NEOs" and "Nonqualified Deferred Compensation."

STOCK OWNERSHIP, HEDGING, AND PLEDGING POLICIES

Our stock ownership guidelines were suspended when conservatorship began because we ceased paying our executives stock-based compensation. 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 such time that we resume granting stock-based compensation.

Pursuant to our company policy, all employees, including our NEOs, are prohibited from:

- Engaging in all transactions (including purchasing and selling equity and non-equity securities) involving our securities (except selling company securities owned prior to the implementation of the policy and then only with pre-clearance);
- Purchasing or selling derivative securities related to our equity securities or dealing in any derivative securities related to our equity securities;
- Transacting in options (other than options granted by us, and then only with pre-clearance) or other hedging instruments related to our securities; and
- Holding our securities in a margin account or pledging our securities as collateral for a loan.

FHFA'S ROLE IN SETTING COMPENSATION

Although the Compensation Committee plays a significant role in considering and recommending executive compensation, FHFA is actively involved in determining such compensation. During conservatorship, the Compensation Committee's authority and flexibility have been subject to the following limitations:

- The powers of FHFA as our Conservator include 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, Corporate Governance, and Executive Officers — Board and Committee Information — Authority of the Board and Board Committees."
- FHFA has directed us to obtain its approval before we: (i) enter into new compensation arrangements or increase amounts or benefits payable under existing compensation arrangements for officers at the SVP level and above and for other officers as FHFA may deem necessary to successfully carry out its role as Conservator; or (ii) establish or modify performance management processes for such officers.
- 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.

SECTION 162(m) LIMITS ON THE TAX DEDUCTIBILITY OF 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 NEOs, 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, At-Risk Deferred Salary is not structured to qualify as performance-based compensation under section 162(m).

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 Form 10-K.

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

Nicolas P. Retsinas, Chair
Raphael W. Bostic
Carolyn H. Byrd
Steven W. Kohlhagen
Saiyid T. Naqvi
Eugene B. Shanks, Jr.

COMPENSATION AND RISK

Our management conducted an assessment of our compensation policies and practices that were in place during 2016 and that were applicable to employees at all levels, including those participating in the EMCP. The purpose of the assessment was to determine whether any elements of the overall compensation program encourage unnecessary or excessive risk taking by employees in the achievement of stated corporate objectives or pursuit of individual compensation targets. The assessment was conducted by members of our ERM and human resources teams.

The review included an evaluation of:

- The types of compensation offered (including fixed, variable, and deferred);
- Eligibility for participation in compensation programs;
- Compensation program design and governance;
- The process for establishing performance objectives; and
- Processes and program approvals for our compensation programs.

The assessment was discussed with the Compensation Committee in January 2017. Management’s conclusion, with which the Compensation Committee concurred, is that the company’s compensation programs and practices do not encourage unnecessary or excessive risk behaviors in pursuit of Corporate or Conservatorship Scorecard objectives or otherwise, and the programs and practices would not be reasonably likely to have a material adverse effect on Freddie Mac.

Executive Compensation 2016 Compensation Information for NEOs

2016 COMPENSATION INFORMATION FOR NEOs

The following sections set forth compensation information for our NEOs: our CEO, CFO, and the three other most highly compensated executive officers who were serving as executive officers as of December 31, 2016.

SUMMARY COMPENSATION TABLE

	Year	Salary Earned During Year(1)	Deferred(2)	Bonus(3)	Non-Equity Incentive Plan Compensation(4)	All Other Compensation(5)	Total
Donald H. Layton	2016	$600,000	$—	$—	$—	$101,609	$701,609
Chief Executive Officer	2015(6)	660,345	818,886	—	472,748	56,958	2,008,937
	2014	600,000	—	—		60,586	660,586
James G. Mackey	2016	500,000	1,600,000	—	893,896	89,874	3,083,770
EVP — Chief Financial Officer	2015	500,000	1,600,000	—	887,608	86,674	3,074,282
	2014	500,000	1,600,000	450,000	900,585	21,099	3,471,684
Anil D. Hinduja EVP — Chief Enterprise Risk Officer	2016	500,000	1,075,000	662,500	670,422	39,318	2,947,240
David B. Lowman	2016	500,000	1,600,000	—	893,896	89,874	3,083,770
EVP — Single-Family Business	2015	500,000	1,600,000	—	887,608	86,674	3,074,282
	2014	500,000	1,600,000	—	900,585	65,045	3,065,630
William H. McDavid	2016	500,000	1,320,000	—	755,146	88,964	2,664,110
EVP — General Counsel & Corporate	2015	500,000	1,320,000	—	769,260	86,324	2,675,584
Secretary	2014	500,000	1,320,000	—	780,507	110,168	2,710,675

(1) Amounts shown reflect Base Salary earned during the year.

(2) Amounts shown reflect Fixed Deferred Salary earned during the year. The interest rate for Fixed Deferred Salary earned during 2016, 2015, and 2014 was 0.325%, 0.125%, and 0.065%, respectively, which is equal to 50% of the one-year Treasury Bill rate as of December 31 of the applicable prior year. Fixed Deferred Salary earned during each quarter is paid in cash on the last pay date of the corresponding quarter in the following year, along with accrued interest. The remaining portion of Deferred Salary is reported in "Non-Equity Incentive Plan Compensation" and is referred to as "At-Risk" because it is subject to reduction based on corporate and individual performance. Interest on Fixed Deferred Salary earned during 2016, 2015, and 2014 is included in All Other Compensation.

(3) Amounts shown reflect cash sign-on payments made to Messrs. Mackey and Hinduja in connection with their hiring. See "Written Agreements Relating to NEO Employment" for additional information.

(4) Amounts shown reflect At-Risk Deferred Salary earned during each year as well as interest on that At-Risk Deferred Salary. The interest rate for At-Risk Deferred Salary earned during 2016, 2015, and 2014 was 0.325%, 0.125%, and 0.065%, respectively, which is equal to 50% of the one-year Treasury Bill rate as of December 31 of the applicable prior year. At-Risk Deferred Salary earned during each quarter is paid in cash on the last pay date of the corresponding quarter in the following year. See "Determination of 2016 At-Risk Deferred Salary."

(5) Amounts for 2016 reflect (i) employer contributions earned under our tax-qualified Thrift/401(k) Plan for the year; (ii) accruals earned pursuant to the SERP Benefit for the year; (iii) interest (as described in footnote 2) on Fixed Deferred Salary earned during the year; and (vi) perquisites. These amounts for 2016 are as follows:

Executive Compensation 2016 Compensation Information for NEOs

	Thrift/401(k) Plan Contributions	SERP Benefit Accruals	Interest on Fixed Deferred Salary	Perquisites
Mr. Layton	$22,525	$79,084	$—	$—
Mr. Mackey	22,525	62,149	5,200	—
Mr. Hinduja	6,625	29,199	3,494	—
Mr. Lowman	22,525	62,149	5,200	—
Mr. McDavid	22,525	62,149	4,290	—

Employer contributions to the Thrift/401(k) Plan are generally available on the same terms to all of our employees. After the first year of employment, we match up to 6% of eligible compensation at 100% of the employee's contributions. Employee contributions and our matching contributions are invested in accordance with the employee's investment elections and are immediately vested. After their first year of employment, employees receive an additional employer contribution to our Thrift/401(k) Plan equal to 2.5% of compensation earned in the prior year and are automatically vested in that contribution. For additional information regarding the SERP Benefit, see "Nonqualified Deferred Compensation."

Perquisites are valued at their aggregate incremental cost to us. During the years reported, the aggregate value of perquisites received by all NEOs was less than $10,000. In accordance with SEC rules, amounts shown under "All Other Compensation" do not include perquisites for an NEO that, in the aggregate, amount to less than $10,000.

(6) On June 29, 2015, FHFA approved Mr. Layton's participation in the EMCP, effective July 1, 2015. On December 1, 2015, FHFA subsequently directed Freddie Mac to suspend, pursuant to the Equity in Government Compensation Act of 2015, his participation as of November 24, 2015. The components of Mr. Layton's Target TDC under the EMCP are described in the company's Annual Report on Form 10-K for the year ended December 31, 2015 in "Executive Compensation — Compensation Discussion and Analysis — Determination of 2015 Target TDC for NEOs — 2015 Target TDC."

GRANTS OF PLAN-BASED AWARDS

The following table contains information concerning grants of plan-based awards to each of the NEOs during 2016. The Purchase Agreement prohibits us from issuing equity securities without Treasury's consent. No stock awards were granted during 2016. For a description of the performance and other measures used to determine payouts, see "Elements of Target Total Direct Compensation," "Determination of 2016 Target TDC for NEOs," "Determination of At-Risk Deferred Salary," and "2016 Deferred Salary."

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[2]	
Name[1]	At-Risk Deferred Salary Award	Threshold	Target/Maximum
Mr. Mackey	Conservatorship Scorecard	—	450,000
	Corporate Scorecard/Individual	—	450,000
	Total	—	900,000
Mr. Hinduja	Conservatorship Scorecard	—	337,500
	Corporate Scorecard/Individual	—	337,500
	Total	—	675,000
Mr. Lowman	Conservatorship Scorecard	—	450,000
	Corporate Scorecard/Individual	—	450,000
	Total	—	900,000
Mr. McDavid	Conservatorship Scorecard	—	390,000

Corporate Scorecard/Individual	—	390,000
Total	—	780,000

(1) Mr. Layton was not eligible to receive Deferred Salary in 2016 and therefore is not included in this table.

(2) The amounts reported reflect At-Risk Deferred Salary granted in 2016 which is subject to reduction based on: (i) corporate performance against the Conservatorship Scorecard; and (ii) an officer's individual performance and the company's performance against the Corporate Scorecard goals. The amount of At-Risk Deferred Salary actually earned can range from 0% of target (reported in the Threshold column) to a maximum of 100% of target (reported in the Target/Maximum column). Actual At-Risk Deferred Salary amounts earned during 2016 are reported in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table."

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

None of the NEOs had unexercised options or unvested RSUs as of December 31, 2016.

OPTION EXERCISES AND STOCK VESTED

None of the NEOs exercised options or had RSUs vest during 2016.

PENSION BENEFITS

Freddie Mac previously offered a Pension Plan, which was a tax-qualified, defined benefit pension plan, covering substantially all employees hired before 2012 who had attained age 21 and completed one year of service with us. In October 2013, FHFA directed us to cease accruals under the Pension Plan effective December 31, 2013 and to commence terminating the Pension Plan. None of the NEOs was pension-eligible prior to the termination of the Pension Plan. Accordingly, a Pension Benefits table is not presented.

NONQUALIFIED DEFERRED COMPENSATION

Non-qualified deferred compensation for the NEOs consists of the SERP Benefit. The SERP is an unfunded, non-qualified defined contribution plan designed to provide participants with the full amount of benefits to which they would have been entitled under the Thrift/401(k) Plan if that plan was not subject to certain dollar limits under the Internal Revenue Code. The SERP Benefit equals the amount of the employer matching and 2.5% contributions for each NEO that would have been made to the Thrift/401(k) Plan during the year, based upon the participant's eligible compensation, without application of those limits, less the amount of the matching contributions and 2.5% contributions annually made to the Thrift/401(k) Plan during the year, but not to exceed two times the NEO's Base Salary. We believe the SERP Benefit is an appropriate benefit because offering such a benefit helps us remain competitive with the companies in our Comparator Group. Participants are credited with earnings or losses in their 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, which are the same as the investment options available under the Thrift/401(k) Plan.

To be eligible for the SERP Benefit, the NEO must be eligible for matching contributions and the 2.5% contribution under the Thrift/401(k) Plan for part of the year, as discussed in Footnote 5 to the Summary Compensation Table. In addition, to be eligible for the portion of the SERP Benefit attributable to employer matching contributions, the NEO must contribute the maximum amount permitted under the terms of the Thrift/401(k) Plan on a pre- or post-tax basis. SERP Benefits are generally distributed in a lump sum 90 days after the end of the calendar year in which a separation from service occurs. A six-month delay in the commencement of distributions on account of a separation from service applies to key employees, in accordance with Internal Revenue Code

Executive Compensation 2016 Compensation Information for NEOs

Section 409A. If the NEO dies, the vested SERP Benefit is paid in the form of a lump sum within 90 days of death. The following table shows the contributions, earnings, withdrawals and distributions, and accumulated balances under the SERP Benefit for each NEO.

SERP BENEFIT

Name	Executive Contribution in Last FY ($)(1)	Freddie Mac Accruals in Last FY ($)(2)	Aggregate Earnings in Last FY ($)(3)	Aggregate Withdrawals/ Distrib. ($)	Balance at Last FYE ($)(4)
Mr. Layton	$—	$79,084	$13,178	$—	$182,863
Mr. Mackey	—	62,149	579	—	138,489
Mr. Hinduja	—	29,199	960	—	30,159
Mr. Lowman	—	62,149	6,979	—	173,266
Mr. McDavid	—	62,149	1,102	—	235,846

(1) The SERP does not allow for employee contributions.

(2) Amounts reported reflect accruals under the SERP Benefit during 2016, including accruals for the plan year 2016 2.5% contribution which will be allocated to NEO accounts in 2017. These amounts are also reported in the "All Other Compensation" column in the Summary Compensation Table.

(3) Amounts reported represent the total interest and other earnings credited to each NEO under the SERP Benefit.

(4) Amounts reported reflect the accumulated balances under the SERP Benefit for each NEO and include the plan year 2016 2.5% contribution which will be allocated to NEO accounts in 2017. All NEOs are fully vested in their SERP Benefit account balances.

The following 2015 SERP Benefit accrual amounts were reported in the "All Other Compensation" column in the 2015 Summary Compensation Table as compensation for each NEO for whom accruals were made and reported during 2015: Mr. Layton: $33,409, Mr. Mackey: $62,149, Mr. Lowman: $62,149, and Mr. McDavid: $62,149. See our Form 10-K for the fiscal year ended December 31, 2015 filed on February 18, 2016. The following 2014 SERP Benefit accrual amounts were reported in the "All Other Compensation" column in the 2014 Summary Compensation Table as compensation for each NEO for whom accruals were made and reported during 2014: Mr. Layton: $32,111, Mr. Mackey: $13,559, Mr. Lowman: $52,275, and Mr. McDavid: $80,835. See our Form 10-K for the fiscal year ended December 31, 2014 filed on February 19, 2015.

POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT

We have entered into various agreements in connection with the employment of the NEOs that call for us to pay compensation to our NEOs in the event of a termination of employment. The actual payment of any level of termination benefits is subject to FHFA review and approval. For more information, see "Written Agreements Relating to NEO Employment."

In addition, the EMCP addresses the treatment of Base Salary and Deferred Salary upon various termination events. Base Salary ceases upon an NEO's termination of employment, regardless of the termination reason. An NEO generally does not need to be employed by us on the payment date to receive payments of Deferred Salary (including related interest) that are unpaid at the time of termination of employment. The following table describes the effect of various termination events upon unpaid Deferred Salary.

Executive Compensation 2016 Compensation Information for NEOs

- Forfeiture Event — All earned but unpaid Fixed and At-Risk Deferred Salary (including related interest) is subject to forfeiture upon the occurrence of a Forfeiture Event, as described above under “Written Agreements Relating to NEO Employment — Recapture and Forfeiture Agreement.”
- Death — All earned but unpaid Fixed and At-Risk Deferred Salary (including related interest) is paid in full as soon as administratively possible, but not later than 90 calendar days after the date of death. Any earned but unpaid At-Risk Deferred Salary is not subject to reduction based on corporate and individual performance if the reduction has not been determined as of the date of death.
- Long-Term Disability — All earned but unpaid Fixed and At-Risk Deferred Salary (including related interest) is paid in full in accordance with the Approved Payment Schedule. Any earned but unpaid At-Risk Deferred Salary is not subject to reduction based on corporate and individual performance if the reduction has not been determined as of the termination date.
- Any Other Reason (including, but not limited to, voluntary termination, retirement, and involuntary termination for any reason other than a Forfeiture Event) — All earned but unpaid Deferred Salary (including related interest) is paid in accordance with the Approved Payment Schedule, and earned but unpaid At-Risk Deferred Salary remains subject to the performance assessment and reduction process. Except in the case of retirement, the amount of earned but unpaid Fixed Deferred Salary will be reduced by 2% for each full or partial month by which the NEO’s termination precedes January 31 of the second calendar year following the calendar year in which the Fixed Deferred Salary is earned. No such reduction is applicable if an NEO retires, which is deemed to have occurred upon a voluntary termination of employment after attaining or exceeding 62 years of age, without regard to length of service, or attaining or exceeding 55 years of age with 10 or more years of service.

The table below describes the compensation and benefits that would have been payable to each NEO had the officer terminated his employment under various circumstances as of December 31, 2016. Mr. Layton is excluded from this table because he is not entitled to receive any payments in connection with a termination of employment.

The table below does not address changes in control, as we are not obligated to provide any additional compensation to our NEOs in connection with a change in control. The table also does not address potential payments upon a termination for cause, which is a termination resulting from the occurrence of an event or conduct described in the Recapture Agreement. All earned but unpaid Deferred Salary is subject to forfeiture upon the occurrence of such a termination. However, the amount of compensation, if any, to be recaptured and/or forfeited is determined by the Board of Directors, which can only occur following the occurrence of a for cause termination. See “Written Agreements Relating to NEO Employment — Recapture and Forfeiture Agreement.”

The table below also does not include vested balances in the SERP. All NEOs are fully vested in their account balances. Amounts shown in the table also do not include certain items available to all employees generally upon a termination event.

The table below also does not include stock options or RSUs, as there were no outstanding stock options or RSUs held by NEOs as of December 31, 2016.

	Death	Disability	Retirement[1]	All Other Not For Cause Terminations[2]
James G. Mackey				
Deferred Salary:				
Fixed	$1,600,000	$1,600,000	$	$1,184,000
At Risk-Conservatorship Scorecard[3]	450,000	450,000	-	441,000
At Risk-Corporate Scorecard/Individual[4]	450,000	450,000	-	450,000
Interest on Deferred Salary[5]	5,070	8,125	-	6,744
Total	$2,505,070	$2,508,125	$—	$2,081,744
Anil D. Hinduja				
Deferred Salary:				
Fixed	$1,075,000	$1,075,000	$—	$795,500
At Risk-Conservatorship Scorecard[3]	337,500	337,500	—	330,750
At Risk-Corporate Scorecard/Individual[4]	337,500	337,500	—	337,500
Interest on Deferred Salary[5]	3,549	5,688	—	4,757
Total	$1,753,549	$1,755,688	$—	$1,468,507
David B. Lowman				
Deferred Salary:				
Fixed	$1,600,000	$1,600,000	$	$1,184,000
At Risk-Conservatorship Scorecard[3]	450,000	450,000	-	441,000
At Risk-Corporate Scorecard/Individual[4]	450,000	450,000	-	450,000
Interest on Deferred Salary[5]	5,070	8,125	-	6,744
Total	$2,505,070	$2,508,125	$—	$2,081,744
William H. McDavid				
Deferred Salary:				
Fixed	$1,320,000	$1,320,000	$1,320,000	$—
At Risk-Conservatorship Scorecard[3]	390,000	390,000	382,200	—
At Risk-Corporate Scorecard/Individual[4]	390,000	390,000	370,500	—
Interest on Deferred Salary[5]	4,259	6,825	6,736	—
Total	$2,104,259	$2,106,825	$2,079,436	$—

(1) Mr. McDavid is the only retirement-eligible NEO under the EMCP.

(2) All Other Not For Cause Terminations refer to voluntary terminations other than for retirement and involuntary terminations other than for cause. No amounts are shown for Mr. McDavid because he is retirement eligible. In accordance with early termination provisions in the EMCP, the amounts disclosed for Deferred Salary: Fixed for all other NEOs have been reduced by 26% to reflect a December 31, 2016 termination event.

(3) The amounts reported for Deferred Salary: At Risk-Conservatorship Scorecard in the Retirement and All Other Not For Cause Terminations columns reflect the funding level determined by FHFA with respect to performance against the 2016 Conservatorship Scorecard. In cases of death or disability, the process for determining the funding level is waived if the funding level has not been determined at the date of termination. The funding level had not been determined as of December 31, 2016 and, as a result, no reduction has been applied to these amounts.

(4) The amounts reported for Deferred Salary: At Risk-Corporate Scorecard/Individual in the Retirement and All Other Not For Cause Terminations columns reflect the assessment of 2016 performance approved by the

Compensation Committee and FHFA. For death or disability, the provisions are the same as for the amounts reported for Deferred Salary: At Risk-Conservatorship Scorecard.

(5) Interest on Deferred Salary is accrued and paid in accordance with the terms of the EMCP. The amount of interest in the Death column assumes that payment occurs on the 90th day following the date of death, which is assumed to be December 31, 2016.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITY OWNERSHIP

Our only class of voting stock is our common stock. Upon its appointment as Conservator, FHFA immediately succeeded to the voting rights of holders of our common stock. The following table shows the beneficial ownership of our common stock as of February 14, 2017 by our current directors, our NEOs, all of our directors and executive officers as a group, and holders of more than 5% of our common stock. Beneficial ownership is determined in accordance with SEC rules for computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person. As of February 14, 2017, each director and NEO, and all of our directors and executive officers as a group, owned less than 1% of our outstanding common stock. Unless otherwise noted, the information presented below is based on information provided to us by the individuals or entities specified in the table.

STOCK OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

Name	Position	Common Stock Beneficially Owned Excluding Stock Options[1]	Stock Options Exercisable Within 60 Days of Feb. 14, 2017	Total Common Stock Beneficially Owned
Raphael W. Bostic	Director	—	—	—
Carolyn H. Byrd	Director	—	—	—
Lance F. Drummond	Director	—	—	—
Thomas M. Goldstein	Director	—	—	—
Richard C. Hartnack	Director	—	—	—
Steven W. Kohlhagen	Director	—	—	—
Christopher S. Lynch	Director	—	—	—
Sara Mathew	Director	—	—	—
Saiyid T. Naqvi	Director	—	—	—
Nicolas P. Retsinas	Director	10,824	—	10,824
Eugene B. Shanks, Jr.	Director	—	—	—
Anthony A. Williams	Director	—	—	—
Donald H. Layton	Chief Executive Officer	—	—	—
James G. Mackey	EVP - Chief Financial Officer	—	—	—
Anil D. Hinduja	EVP - Chief Enterprise Risk Officer	—	—	—
David B. Lowman	EVP - Single-Family Business	—	—	—
William H. McDavid	EVP - General Counsel & Corp. Sec.	—	—	—
All directors and executive officers as a group (22 persons)		38,292	—	38,292

(1) Includes shares of stock beneficially owned as of February 14, 2017.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

STOCK OWNERSHIP BY GREATER-THAN 5% HOLDERS

5% Holder[(1)]	Common Stock Beneficially Owned	Percent of Class
U.S. Department of the Treasury 1500 Pennsylvania Avenue, NW Washington, D.C. 20220	Variable[(2)]	79.9%

(1) Pershing Square Capital Management, L.P., PS Management GP, LLC, and William A. Ackerman ("Pershing") have filed certain reports on Schedule 13D, the latest of which was filed on March 31, 2014. In that report, Pershing reported a beneficial ownership percentage calculation of 9.78%, based solely on the 650,039,533 shares of our common stock outstanding as reported in our Form 10-K for the fiscal year ended December 31, 2013, and excluding the shares issuable to Treasury pursuant to the warrant. The Schedule 13D indicated that Pershing also had additional economic exposure to approximately 8,434,958 notional shares of common stock, bringing the total aggregate economic exposure on the date of that filing to 72,010,523 shares of common stock (approximately 11.08% of the outstanding common stock). In that filing, Pershing indicated that because it believes our common stock is not a voting security, it had determined not to file future reports on Schedule 13D. We do not know Pershing's current beneficial ownership of our common stock.

(2) In September 2008, we issued to Treasury a warrant to purchase, for one one-thousandth of a cent ($0.00001) per share, shares of our common stock equal to 79.9% of the total number of shares of our common stock outstanding on a fully diluted basis at the time the warrant is exercised. The warrant may be exercised in whole or in part at any time until September 7, 2028. As of the date of this filing, Treasury has not exercised the warrant. The information above assumes Treasury beneficially owns no other shares of our common stock.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the directors and executive officers of a reporting company and persons who own more than 10% of a registered class of such company's equity securities to file reports of ownership and changes in ownership with the SEC. Based solely on a review of such reports, we believe that during 2016 all of our directors and executive officers complied with such reporting obligations.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information about our common stock that may be issued upon the exercise of options, warrants, and rights under our existing equity compensation plans at December 31, 2016. Prior to conservatorship, stockholders approved the Employee Stock Purchase Plan, the 2004 Stock Compensation Plan, and the 1995 Stock Compensation Plan (together, the "Employee Plans"), and the 1995 Directors' Stock Compensation Plan (the "Directors' Plan"). We suspended the operation of these plans following our entry into conservatorship and are no longer granting awards under such plans.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders	50,670	N/A	35,871,004[(1)]
Equity compensation plans not approved by stockholders	None	N/A	None

(1) Includes 28,352,108 shares, 5,845,739 shares, and 1,673,157 shares available for issuance under the 2004 Stock Compensation Plan, the Employee Stock Purchase Plan, and the Directors’ Plan, respectively. No shares are available for issuance under the 1995 Stock Compensation Plan.

Certain Relationships and Related Transactions

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

POLICY GOVERNING RELATED PERSON TRANSACTIONS

The Board has adopted a written policy governing the approval of related person transactions. This policy sets forth procedures for the review and approval or ratification of transactions involving related persons. Under the policy, “related person” means any person who is, or was at any time since the beginning of our last completed fiscal year, a director, a director nominee, an executive officer, or an immediate family member of any of the foregoing persons.

Under authority delegated by the Board, our General Counsel and the Nominating and Governance Committee (or its Chair under certain circumstances), each an Authorized Approver, are responsible for applying the Related Person Transactions Policy. Transactions covered by the Related Person Transactions Policy consist of any transaction, arrangement, or relationship or series of similar transactions, arrangements, or relationships, in which:

- The aggregate amount involved exceeded or is expected to exceed $120,000;
- We were or are expected to be a participant; and
- Any related person had or will have a direct or indirect material interest.

The Related Person Transactions Policy includes a list of categories of transactions identified by the Board as having no significant potential for an actual conflict of interest or the appearance of a conflict or improper benefit to a related person, and thus such transactions are not considered potential related person transactions subject to review.

Our Legal Division assesses whether any proposed transaction involving a related person is covered by the Related Person Transactions Policy. If so, the transaction is reviewed by the appropriate Authorized Approver. In consultation with the Chair of the Nominating and Governance Committee, the General Counsel may refer any proposed transaction to the Nominating and Governance Committee for review and approval.

If possible, approval of a related person transaction is obtained prior to the effectiveness or consummation of the transaction. If advance approval of a related person transaction by the appropriate Authorized Approver is not feasible or otherwise not obtained, then the transaction is considered promptly by the appropriate Authorized Approver to determine whether ratification is warranted.

In determining whether to approve or ratify a related person transaction covered by the Related Person Transactions Policy, the appropriate Authorized Approver reviews and considers all relevant information, which may include:

- The nature of the related person’s interest in the transaction;
- The approximate total dollar value of, and extent of the related person’s interest in, the transaction;
- Whether the transaction was or would be undertaken in the ordinary course of our business;

Certain Relationships and Related Transactions

- Whether the transaction is proposed to be, or was, entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party; and
- The purpose, and potential benefits to us, of the transaction.

TRANSACTIONS WITH 5% SHAREHOLDERS

In connection with our entry into conservatorship, we issued a warrant to Treasury to purchase shares of our common stock equal to 79.9% of the total number of shares of our common stock outstanding, on a fully diluted basis. There were a number of transactions between us and Treasury since the beginning of 2016, as discussed in "MD&A — Consolidated Results of Operations," "MD&A — Risk Management — Credit Risk — Single-Family Mortgage Credit Risk," "MD&A — Conservatorship and Related Matters," "MD&A — Regulation and Supervision," Note 2, Note 4, Note 6, Note 9, Note 10, and Note 11.

FHFA, as conservator, approved the Purchase Agreement and our role as compliance agent in the MHA Program and the Memorandum of Understanding with Treasury, FHFA, and Fannie Mae under the HFA Initiative. FHFA also instructed us to implement a $5,000 principal reduction incentive under HAMP in which Treasury will pay the incentive for borrowers with certain of our HAMP modified loans. The remaining transactions described in the sections referenced above did not require review and approval under any of our policies and procedures relating to transactions with related persons.

We are the compliance agent for Treasury for certain foreclosure avoidance activities under HAMP. Among other duties, as the program compliance agent, we conduct examinations and review servicer compliance with the published requirements for the program.

TRANSACTIONS WITH INSTITUTIONS RELATED TO DIRECTORS

In the ordinary course of business, we were a party during 2016, and expect to continue to be a party during 2017, to certain business transactions with institutions affiliated with members of our Board. Management believes that the terms and conditions of the transactions were no more and no less favorable to us than the terms of similar transactions with unaffiliated institutions to which we are, or expect to be, a party. None of these transactions were required to be disclosed under SEC rules.

TRANSACTIONS WITH INSTITUTIONS RELATED TO EXECUTIVE OFFICERS

Mr. Layton joined us in May 2012 as CEO and as a member of the Board. Mr. Layton previously served as a senior executive officer of JPMorgan Chase, ending his service in 2004.

Freddie Mac has an extensive business relationship with JPMorgan Chase (through its subsidiaries). As of December 31, 2016, JPMorgan Chase was one of Freddie Mac's largest servicers, and serviced approximately 1 million loans for Freddie Mac. JPMorgan Chase had an aggregate UPB of loans of approximately $150.7 billion as of December 31, 2016 and continues to have a substantial aggregate UPB of loans with the company. JPMorgan Chase sold approximately $19 billion in single-family loans to Freddie Mac in 2016.

Certain Relationships and Related Transactions

JPMorgan Chase also is a significant capital markets, derivatives, and multifamily counterparty and is an underwriter of our debt and mortgage securities. As of January 31, 2017, JPMorgan Chase and its subsidiaries had an aggregate notional balance of $19.9 billion of derivatives and $11.5 billion of reverse repurchase agreements with Freddie Mac. From January 1, 2016 through January 31, 2017, JPMorgan Chase served as underwriter for $82.5 billion of Freddie Mac's debt securities and $20.6 billion of Freddie Mac's mortgage-related securities.

Mr. Layton receives a pension from JPMorgan Chase in connection with his retirement in 2004. In addition, Mr. Layton has a deferred compensation balance under JPMorgan Chase's Deferred Compensation Plan which earns a return based upon a defined list of mutual funds that Mr. Layton designates. Payments on the deferred compensation balance began in January 2016 with thirteen annual installments remaining. Mr. Layton also had deferred compensation (less than 10% of the total deferred compensation balance) in the form of "private equity balance," which was paid in full in 2016. Mr. Layton's deferred compensation balance is less than 10% of his total net worth on an after-tax basis. Mr. Layton also has brokerage and deposit accounts with JPMorgan Chase.

The amounts of Mr. Layton's pension and deferred compensation do not depend in any way on JPMorgan Chase's results as long as JPMorgan Chase is able to meet its obligations. In addition, in order to eliminate any potential conflicts of interest, Mr. Layton agreed to recuse himself from acting upon matters directly relating to JPMorgan Chase that may be considered by the Board, or presented to him in his capacity as CEO and a member of the Board, if such matter has the potential to affect JPMorgan Chase's ability to satisfy its obligations to him. For the reasons described above, the Board has determined that Mr. Layton does not have a material interest in our relationship with JPMorgan Chase. The relationships described above were not required to be reviewed, approved, or ratified under our Related Person Transactions Policy.

CONSERVATORSHIP AGREEMENTS

Treasury, FHFA, and the Federal Reserve have taken a number of actions to support us during conservatorship, including entering into the Purchase Agreement, described in this Form 10-K. See "MD&A — Conservatorship and Related Matters" and Note 2.

Principal Accounting Fees and Services

PRINCIPAL ACCOUNTING FEES AND SERVICES

DESCRIPTION OF FEES

PricewaterhouseCoopers LLP has served as our independent public accountants since 2002. The following is a description of fees billed to us by PricewaterhouseCoopers LLP during 2016 and 2015.

AUDITOR FEES[1]

	2016	2015
	(In thousands)	
Audit Fees[2]	$23,175	$23,321
Audit-Related Fees[3]	5,122	3,888
Tax Fees[4]	55	64
All Other Fees[5]	218	264
Total	$28,570	$27,537

(1) These fees represent amounts billed (including reimbursable expenses within the designated year).

(2) Audit fees include fees in connection with quarterly reviews of our interim financial information and the audit of our annual consolidated financial statements.

(3) Audit-related fees include: (i) fees for the performance of certain agreed-upon procedures regarding aspects of compliance with the Purchase Agreement covenants; (ii) compliance evaluation of the minimum servicing standards as set forth in the Uniform Single Attestation Program for Mortgage Bankers; (iii) transaction validation and attestation related to certain of Freddie Mac's risk transfer and structured transactions; (iv) fees for pre-implementation assistance for hedge accounting; and (v) fees related to accounting policy consultations.

(4) The tax fees billed relate to non-audit tax consulting services to provide advice and recommendations related to tax planning or reporting matters, as well as non-audit tax services to provide assistance with the IRS tax audit matters and ongoing examinations, including information requests and associated responses.

(5) All other fees include: (i) our subscription to a web-based suite of human resources benchmark data; (ii) advice and recommendations related to retention strategies; (iii) our subscription to accounting research software; and (iv) non-audit advice and recommendations related to technology implementation in the governance process.

APPROVAL OF INDEPENDENT AUDITOR SERVICES AND FEES

Under its charter, the Audit Committee is responsible for the following:

- Appointing our independent public accounting firm (subject to FHFA approval as required);
- Approving all audit and non-audit services permitted under applicable law to be performed by the independent public accounting firm (subject to FHFA approval as required); and
- Approving the scope of the annual audit.

The Sarbanes-Oxley Act of 2002 and related SEC rules require that all services provided to companies subject to the reporting requirements of the Exchange Act by their independent auditors be pre-approved by their audit committee or by authorized members of the committee, with certain exceptions. The Audit Committee's charter requires that the Audit Committee pre-approve any audit services, and any non-audit

Principal Accounting Fees and Services

services permitted under applicable law, to be performed by our independent auditors (or to designate one or more members of the Audit Committee to pre-approve such services and report such pre-approval to the Audit Committee). Audit services that are within the scope of an auditor's engagement approved by the Audit Committee prior to the performance of those services are deemed pre-approved and do not require separate pre-approval. Audit services not within the scope of an Audit Committee-approved engagement, as well as permissible non-audit services, must be separately pre-approved by the Audit Committee.

When the Audit Committee pre-approves a service, it typically sets a dollar limit for such service. Management endeavors to obtain pre-approval of the Audit Committee, or of the Chair of the Audit Committee (when the Chair of the Audit Committee has been delegated such authority), before it incurs fees exceeding the dollar limit. If the Chair of the Audit Committee approves the increase, the Chair will report such approval at the Audit Committee's next scheduled meeting. The Audit Committee has delegated to the Chair the authority to address requests to pre-approve certain additional audit and non-audit services to be performed by the company's independent auditor with fees totaling up to a maximum of $250,000 per quarter, with reporting of any such approval decisions to the Audit Committee at its next scheduled meeting.

The pre-approval procedure is administered by our senior financial management, which reports throughout the year to the Audit Committee. The Audit Committee pre-approved all audit, audit-related, tax, and other services performed by our independent public accounting firm in 2016 and 2015.

The Audit Committee appoints the independent public accounting firm on an annual basis. In evaluating the performance of the independent public accounting firm, the Audit Committee considers a number of factors, including the following:

- The firm's status as a registered public accounting firm with the Public Company Accounting Oversight Board (United States) ("PCAOB") as required by the Sarbanes-Oxley Act of 2002 and the Rules of the PCAOB;
- Its independence and processes for maintaining its independence;
- Its approach to resolving significant accounting and auditing matters;
- Its capability and expertise in handling the complexity of the company's business, including the expertise and capability of the lead audit partner and of the key members of the engagement team;
- Historical and recent performance, including the extent and quality of the independent public accounting firm's communications with the Audit Committee, and the results of a management survey of the independent public accounting firm's overall performance;
- Data related to audit quality and performance, including recent PCAOB inspection reports on the firm; and
- The appropriateness of its fees, both on an absolute basis and as compared with peers.

The Audit Committee has determined that the non-audit services rendered by PricewaterhouseCoopers during its most recent fiscal year are compatible with maintaining PricewaterhouseCoopers' independence.

Exhibits and Financial Statement Schedules

EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

(1) Consolidated Financial Statements

The consolidated financial statements required to be filed in this Form 10-K are included in "Financial Statements and Supplementary Data."

(2) Financial Statement Schedules

None.

(3) Exhibits

An Exhibit Index has been filed as part of this Form 10-K beginning on page E-1 and is incorporated herein by reference.

Signatures

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Federal Home Loan
Mortgage Corporation

By: /s/ Donald H. Layton
Donald H. Layton
Chief Executive Officer

Date: February 16, 2017

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Christopher S. Lynch* Christopher S. Lynch	Non-Executive Chairman of the Board	February 16, 2017
/s/ Donald H. Layton Donald H. Layton	Chief Executive Officer and Director (Principal Executive Officer)	February 16, 2017
/s/ James G. Mackey James G. Mackey	Executive Vice President — Chief Financial Officer (Principal Financial Officer)	February 16, 2017
/s/ Robert D. Mailloux Robert D. Mailloux	Senior Vice President — Corporate Controller and Principal Accounting Officer (Principal Accounting Officer)	February 16, 2017
/s/ Raphael W. Bostic* Raphael W. Bostic	Director	February 16, 2017
/s/ Carolyn	Director	February 16, 2017

H. Byrd* Carolyn H. Byrd		
/s/ Lance F. Drummond* Lance F. Drummond	Director	February 16, 2017
/s/ Thomas M. Goldstein* Thomas M. Goldstein	Director	February 16, 2017
/s/ Richard C. Hartnack* Richard C. Hartnack	Director	February 16, 2017
/s/ Steven W. Kohlhagen* Steven W. Kohlhagen	Director	February 16, 2017
/s/ Sara Mathew* Sara Mathew	Director	February 16, 2017
/s/ Saiyid T. Naqvi* Saiyid T. Naqvi	Director	February 16, 2017

/s/ Nicolas P. Retsinas* Nicolas P. Retsinas	Director	February 16, 2017
/s/ Eugene B. Shanks, Jr.* Eugene B. Shanks, Jr.	Director	February 16, 2017

Signatures

/s/ Anthony A. Williams* Anthony A. Williams	Director	February 16, 2017

*By: /s/ Alicia S. Myara
Alicia S. Myara
Attorney-in-Fact

GLOSSARY

This Glossary includes acronyms and defined terms that are used throughout this report.

ACIS - Agency Credit Insurance Structure - In a typical ACIS credit risk transfer transaction, we purchase insurance policies (typically underwritten by a group of insurers and reinsurers) that obligate the counterparties to reimburse us for specified credit events (based on either actual losses or losses calculated using a predefined formula) up to an aggregate limit that occur on our first loss and/or mezzanine loss positions associated with STACR debt note transactions in exchange for our payment of periodic premiums. We also enter into ACIS transactions that provide credit protection for certain specified credit events on loans not included in a reference pool created for a STACR debt note transaction.

Administration - Executive branch of the U.S. government.

Agency securities - Generally refers to mortgage-related securities issued by the GSEs or government agencies.

Alt-A loan - Although there is no universally accepted definition of Alt-A, many mortgage market participants classify single-family loans with credit characteristics that range between their prime and subprime categories as Alt-A because these loans have a combination of characteristics of each category, may be underwritten with lower or alternative income or asset documentation requirements compared to a full documentation loan, or both. We categorize loans in our single-family credit guarantee portfolio as Alt-A if the lender that delivers them to us classified the loans as Alt-A, or if the loans had reduced documentation requirements as well as a combination of certain credit characteristics and expected performance characteristics at acquisition which, when compared to full documentation loans in our portfolio, indicate that the loan should be classified as Alt-A. In the event we purchase a refinance loan and the original loan had been previously identified as Alt-A, such refinance loan may no longer be categorized as an Alt-A loan because the refinance loan is not identified by the servicer as an Alt-A loan. We categorize our investments in non-agency mortgage-related securities as Alt-A if the securities were identified as such based on information provided to us when we entered into these transactions.

AMT - Alternative Minimum Tax

AOCI - Accumulated other comprehensive income (loss), net of taxes

ARM - Adjustable-rate mortgage - A mortgage loan with an interest rate that adjusts periodically over the life of the loan based on changes in a benchmark index.

Board - Board of Directors

Bps - Basis points - One one-hundredth of 1%. This term is commonly used to quote the yields of debt instruments or movements in interest rates.

CCO - Chief Compliance Officer

CD&A - Compensation Discussion and Analysis

CEO - Chief Executive Officer

CERO - Chief Enterprise Risk Officer

Glossary

CFO - Chief Financial Officer
CFPB - Consumer Financial Protection Bureau
Charge-offs, gross - Represent the amount of a loan that has been discharged in order to remove the loan from our consolidated balance sheets when the loan is deemed uncollectible, regardless of when the impact of the credit loss was recorded on our consolidated statements of comprehensive income. Generally the amount of a charge-off is the recorded investment in excess of the fair value of the loan's collateral.
Charter - The Federal Home Loan Mortgage Corporation Act, as amended, 12 U.S.C. § 1451 et seq.
CMBS - Commercial mortgage-backed security - A security backed by loans on commercial property (often including multifamily rental properties) as opposed to one-to-four family residential real estate. Although the loan pools underlying CMBS can include loans financing multifamily properties and commercial properties, such as office buildings and hotels, the classes of CMBS that we hold receive distributions of scheduled cash flows only from multifamily properties.
Comprehensive income (loss) - Consists of net income (loss) plus other comprehensive income (loss).
Conforming loan/Conforming jumbo loan/Conforming loan limit - A conventional single-family loan with an original principal balance that is equal to or less than the applicable statutory conforming loan limit, which is a dollar amount cap on the original principal balance of single-family loans we are permitted by law to purchase or securitize. The conforming loan limit is determined annually based on changes in FHFA's housing price index. The base conforming loan limit for a one-family residence has been set at $424,100 for 2017, and was set at $417,000 from 2006 to 2016. Higher limits have been established in certain "high-cost" areas (for 2017, up to $636,150 for a one-family residence). Higher limits also apply to two- to four-family residences, and for loans secured by properties in Alaska, Guam, Hawaii and the U.S. Virgin Islands.
Actual high-cost area loan limits are set by FHFA for each county (or equivalent), and the loan limit for specific high-cost areas may be lower than the maximum amounts. We refer to loans that we have purchased with a UPB exceeding the base conforming loan limit (i.e., $424,000 for 2017) as conforming jumbo loans.
Conservator - The Federal Housing Finance Agency, acting in its capacity as Conservator of Freddie Mac.
Convexity - A measure of how much a financial instrument's duration changes as interest rates change.
Core single-family book - Consists of loans in our single-family credit guarantee portfolio that were originated since 2008. We do not include relief refinance loans, including HARP loans, in this book as underwriting procedures for relief refinance loans are limited, and, in many cases, do not include all of the changes in underwriting standards we have implemented since 2008.
Credit enhancement - A financial arrangement that is designed to reduce credit risk by partially or fully compensating an investor in a mortgage or security (e.g., Freddie Mac) in the event of specified losses. Examples of credit enhancements include insurance, credit risk transfer transactions, overcollateralization, indemnification agreements, and government guarantees.

Glossary

Credit losses - Consists of charge-offs, net and REO operations (income) expense.
Credit-related (benefit) expenses (or credit-related expenses) - Consists of our provision (benefit) for credit losses and REO operations (income) expense.
Credit score - Credit score data is based on FICO scores, a credit scoring system developed by Fair, Isaac and Co. FICO scores are currently the most commonly used credit scores. FICO scores are ranked on a scale of approximately 300 to 850 points with a higher value indicating a lower likelihood of credit default. Although we obtain updated credit information on certain borrowers after the origination of a loan, such as those borrowers seeking a modification, the scores presented in our reports represent the credit score of the borrower at either the time of loan origination or our purchase and may not be indicative of the current credit worthiness of the borrower.
CSS - Common Securitization Solutions, LLC℠
Current LTV Ratio or CLTV - The current LTV ratios are management estimates, which are updated on a monthly basis. Current market values are estimated by adjusting the value of the property at origination based on changes in the market value of homes in the same geographic area since that time. Changes in market value are derived from our internal index, which measures price changes for repeat sales and refinancing activity on the same properties using Freddie Mac and Fannie Mae single-family loan acquisitions, including foreclosure sales. Estimates of the current LTV ratio exclude any secondary financing by third parties.
Deed in lieu of foreclosure - An alternative to foreclosure in which the borrower voluntarily conveys title to the property to the lender and the lender accepts such title (sometimes together with an additional payment by the borrower) in full satisfaction of the mortgage indebtedness.
Delinquency - A failure to make timely payments of principal and/or interest on a loan. For single-family loans, we generally report delinquency rate information based on the number of loans that are seriously delinquent. For multifamily loans, we report delinquency rate information based on the UPB of loans that are two monthly payments or more past due or in the process of foreclosure. Loans that have been modified are not counted as delinquent as long as the borrower is not delinquent under the modified terms.
Delivery fee - An upfront fee charged to sellers above base contractual guarantee fees to compensate us for higher levels of risk in some loan products.
Derivative - A financial instrument whose value depends upon the characteristics and value of an underlying such as a financial asset or index. Examples of an underlying include a security or commodity price, interest or currency rates, and other financial indices.
Dodd-Frank Act - Dodd-Frank Wall Street Reform and Consumer Protection Act
Dollar roll transactions - Transactions whereby we enter into an agreement to sell and subsequently repurchase (or purchase and subsequently resell) agency securities.
DSCR - Debt Service Coverage Ratio - An indicator of future credit performance for multifamily loans. The DSCR estimates a multifamily borrower’s ability to service its mortgage obligation using the secured property’s cash flow, after deducting non-mortgage expenses from income. The higher the DSCR, the more likely a multifamily borrower will be able to continue servicing its loan obligation.

Duration - Duration is a measure of a financial instrument's price sensitivity to changes in interest rates.
Duration gap - One of our primary interest rate risk measures. Duration gap is a measure of the difference between the estimated durations of our interest rate sensitive assets and liabilities. We present the duration gap of our financial instruments in units expressed as months. A duration gap of zero implies that the change in value of our interest rate sensitive assets from an instantaneous change in interest rates would be expected to be accompanied by an equal and offsetting change in the value of our interest rate sensitive liabilities, thus leaving economic value unchanged.
EMCP - Executive Management Compensation Program
ERC - Enterprise Risk Committee
ERM - Enterprise Risk Management
EVP - Executive Vice President
Exchange Act - Securities Exchange Act of 1934, as amended
Fannie Mae - Federal National Mortgage Association
FASB - Financial Accounting Standards Board
Federal Reserve - Board of Governors of the Federal Reserve System
FHA - Federal Housing Administration
FHFA - Federal Housing Finance Agency - An independent agency of the U.S. government with responsibility for regulating Freddie Mac, Fannie Mae, and the FHLBs.
FHLB - Federal Home Loan Bank
Fixed-rate loan - Refers to a loan originated at a specific rate of interest that remains constant over the life of the loan. For purposes of presentation in this report, we have categorized a number of modified loans as fixed-rate loans, even though the modified loans have rate adjustment provisions. In these cases, while the terms of the modified loans provide for the interest rate to adjust in the future, such future rates are determined at the time of the modification rather than at a subsequent date.
Foreclosure alternative - A workout option pursued when a home retention action is not successful or not possible. A foreclosure alternative is either a short sale or deed in lieu of foreclosure.
Foreclosure or foreclosure transfer - Refers to our completion of a transaction provided for by the foreclosure laws of the applicable state, in which a delinquent borrower's ownership interest in a mortgaged property is terminated and title to the property is transferred to us or to a third party. When we, as loan holder, acquire a property in this manner, we pay for it by extinguishing some or all of the mortgage debt.
Freddie Mac mortgage-related securities - Securities we issue and guarantee that are backed by mortgages.
GAAP - Generally accepted accounting principles in the United States of America.
Giant PCs - Resecuritizations of previously issued PCs or Giant PCs. Giant PCs are single-class

securities that involve the straight pass through of all of the cash flows of the underlying collateral to holders of the beneficial interests.

Ginnie Mae - Government National Mortgage Association, which guarantees the timely payment of principal and interest on mortgage-related securities backed by federally insured or guaranteed loans, primarily those insured by FHA or guaranteed by the VA.

GSE Act - The Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Reform Act.

GSEs - Government sponsored enterprises - Refers to certain legal entities created by the U.S. government, including Freddie Mac, Fannie Mae, and the FHLBs.

Guarantee fee - The fee that we receive for guaranteeing the payment of principal and interest to mortgage security investors, which consists primarily of a combination of base contractual guarantee fees paid on a monthly basis, as a percentage of the UPB of the underlying loans, and initial upfront payments, such as delivery fees.

Guidelines - Corporate Governance Guidelines, as revised

HAMP - Home Affordable Modification Program - Refers to the effort under the MHA Program whereby the U.S. government, Freddie Mac and Fannie Mae committed funds to help eligible homeowners avoid foreclosure and keep their homes through loan modifications. HAMP ended in December 2016.

HARP - Home Affordable Refinance Program - Refers to the effort under the MHA Program that seeks to help eligible borrowers with existing loans that are guaranteed by us or Fannie Mae to refinance into loans with more affordable monthly payments and/or fixed-rate terms without obtaining new mortgage insurance in excess of the insurance coverage, if any, that was already in place. HARP is targeted at borrowers with current LTV ratios above 80%. The relief refinance program, under which we also allow borrowers with LTV ratios of 80% and below to participate, is our implementation of HARP for our loans. The relief refinance program (including HARP) will end in September 2017 and will be replaced by a new program.

HFA - State or local Housing Finance Agency

HFA Initiative - Refers to the effort whereby we and Fannie Mae, in conjunction with Treasury, provided assistance to state and local HFAs so that the HFAs could continue to meet their mission of providing affordable financing for both single-family and multifamily housing. The HFA initiative included the New Issue Bond Program (NIBP) and the Temporary Credit and Liquidity Facility Program (TCLFP). Pursuant to the NIBP, we and Fannie Mae issued partially-guaranteed pass-through securities to Treasury that are backed by bonds issued by various state and local HFAs. The NIBP provided financing for HFAs to issue new housing bonds. Treasury is obligated to absorb losses under the NIBP up to a certain level before we are exposed to any losses. Pursuant to the TCLFP, we and Fannie Mae issued credit and liquidity guarantees to holders of variable-rate demand obligations issued by various state and local HFAs. Treasury is obligated to absorb losses under the TCLFP up to a certain level before we are exposed to any losses. The TCLFP was scheduled to expire on December 31, 2012. However, Treasury gave participants the option to extend their individual TCLFP facilities to December 31, 2015. No outstanding guarantees existed as of December 31, 2015.

HUD - U.S. Department of Housing and Urban Development - HUD has authority over Freddie Mac with

respect to fair lending.
Implied volatility - A measurement of how the value of a financial instrument changes due to changes in the market's expectation of potential changes in future interest rates. A decrease in implied volatility generally increases the estimated fair value of our mortgage-related assets and decreases the estimated fair value of our callable debt and option-based derivatives, while an increase in implied volatility generally has the opposite effect.
Initial margin - The collateral that we post with a derivatives clearinghouse in order to do business with such clearinghouse. The amount of initial margin varies over time.
Interest-only loan - A loan that allows the borrower to pay only interest (either fixed-rate or adjustable-rate) for a fixed period of time before payments of principal begin. After the interest-only period, the borrower may choose to refinance the loan, pay the principal balance in total, or begin paying the scheduled principal payment due on the loan.
IRS - Internal Revenue Service
K Certificates - Structured pass-through certificates backed primarily by recently originated multifamily loans purchased by Freddie Mac.
Legacy single-family book - Consists of loans in our single-family credit guarantee portfolio that were originated in 2008 and prior.
LIBOR - London Interbank Offered Rate
LIHTC partnerships - Low-income housing tax credit partnerships - Prior to 2008, we invested in LIHTC partnerships as a limited partner. These LIHTC partnerships invest directly in limited partnerships that own and operate affordable multifamily rental properties that generate federal income tax credits and deductible operating losses.
Liquidation preference - Generally refers to an amount that holders of preferred securities are entitled to receive out of available assets upon liquidation of a company. The initial liquidation preference of our senior preferred stock was $1.0 billion. The aggregate liquidation preference of our senior preferred stock includes the initial liquidation preference plus amounts funded by Treasury under the Purchase Agreement. In addition, dividends not paid in cash are added to the liquidation preference of the senior preferred stock. We may make payments to reduce the liquidation preference of the senior preferred stock only in limited circumstances.
Liquidity and Contingency Operating Portfolio - Subset of our other investments and cash portfolio. Consists of cash and cash equivalents, certain securities purchased under agreements to resell, and certain non-mortgage-related securities.
Long-term debt - Other debt due after one year based on the original contractual maturity of the debt instrument. Our long-term debt issuances include medium-term notes, Reference Notes® securities, and STACR debt notes.
LTV ratio - Loan-to-value ratio - The ratio of the unpaid principal amount of a loan to the value of the property that serves as collateral for the loan, expressed as a percentage. We report LTV ratios based solely on the amount of the loan purchased or guaranteed by us, generally excluding any second-lien

loans (unless we own or guarantee the second lien).
Market spread - The difference between the yields of two debt securities, or the difference between the yield of a debt security and a benchmark yield, such as LIBOR. We measure market spreads primarily using our models.
MD&A - Management's Discussion and Analysis of Financial Condition and Results of Operations
MHA Program - Making Home Affordable Program - Formerly known as the Housing Affordability and Stability Plan, the MHA Program was announced by the Administration in February 2009. The MHA Program is designed to help in the housing recovery, promote liquidity and housing affordability, expand foreclosure prevention efforts, and set market standards. The MHA Program includes HARP and HAMP.
Mortgage assets - Refers to both loans and the mortgage-related securities we hold in our mortgage-related investments portfolio.
Mortgage-related investments portfolio - Our investment portfolio, which consists of mortgage-related securities and unsecuritized single-family and multifamily loans. The size of our mortgage-related investments portfolio under the Purchase Agreement is determined without giving effect to the January 1, 2010 change in accounting guidance related to transfers of financial assets and consolidation of VIEs.
Mortgage-to-debt OAS - The net OAS between the mortgage asset and agency debt sectors. This is an important factor in determining the expected level of net interest yield on a new mortgage asset. Higher mortgage-to-debt OAS means that a newly purchased mortgage asset is expected to provide a greater return relative to the cost of the debt issued to fund the purchase of the asset and, therefore, a higher net interest yield. Mortgage-to-debt OAS tends to be higher when there is weak demand for mortgage assets and lower when there is strong demand for mortgage assets.
Multifamily loan - A loan secured by a property with five or more residential rental units or by a manufactured housing community.
Multifamily mortgage portfolio - Consists of multifamily mortgage loans held by us on our consolidated balance sheets as well as our guarantee of K Certificates, SB Certificates, other securitization products, and other mortgage-related guarantees, but excluding those underlying our guarantees of HFA bonds.
Multifamily new business activity - Represents loan purchases, issuances of other mortgage-related guarantees, and issuances of other securitization products for which we have not previously purchased the underlying loans.
Net worth (deficit) - The amount by which our total assets exceed (or are less than) our total liabilities as reflected on our consolidated balance sheets prepared in conformity with GAAP.
Net worth sweep dividend, Net Worth Amount, and Capital Reserve Amount - For each quarter from January 1, 2013 through and including December 31, 2017, the dividend payment on the senior preferred stock will be the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter, less the applicable Capital Reserve Amount, exceeds zero. The term Net Worth Amount is defined as the total assets of Freddie Mac (excluding Treasury's commitment and any unfunded amounts thereof), less our total liabilities (excluding any obligation in respect of capital stock), in each case as reflected on our consolidated balance sheets prepared in conformity with GAAP. If the calculation of the dividend payment for a quarter does not exceed zero, then no dividend shall accrue or be payable for that

quarter. The applicable Capital Reserve Amount was $1.2 billion for 2016, is $600 million for 2017, and declines to zero on January 1, 2018. For each quarter beginning January 1, 2018, the dividend payment will be the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter exceeds zero.

Non-accrual loan - A loan for which we are not accruing interest income. We place loans on non-accrual status when we believe collectability of principal and interest in full is not reasonably assured, which generally occurs when a loan is three monthly payments past due, unless the loan is well secured and in the process of collection based upon an individual loan assessment.

NYSE - New York Stock Exchange

OAS - Option-adjusted spread - An estimate of the incremental yield spread between a particular financial instrument (e.g., a security, loan or derivative contract) and a benchmark yield curve (e.g., LIBOR or agency or U.S. Treasury securities). This includes consideration of potential variability in the instrument’s cash flows resulting from any options embedded in the instrument, such as prepayment options. When the OAS on a given asset widens, the fair value of that asset will typically decline, all other market factors being equal. The opposite is true when the OAS on a given asset tightens.

Option ARM loan - Loans that permit a variety of repayment options, including minimum, interest-only, fully amortizing 30-year and fully amortizing 15-year payments. The minimum payment alternative for option ARM loans allows the borrower to make monthly payments that may be less than the interest accrued for the period. The unpaid interest is added to the principal balance of the loan, known as negative amortization. For our non-agency mortgage-related securities that are backed by option ARM loans, we categorize securities as option ARM if the securities were identified as such based on information provided to us when we entered into these transactions. We have not identified option ARM securities as either subprime or Alt-A securities.

Original LTV Ratio - A credit measure for loans, calculated as the UPB of the loan divided by the lesser of the appraised value of the property at the time of loan origination or the borrower’s purchase price. Second liens not owned or guaranteed by us are excluded from the LTV ratio calculation. The existence of a second-lien loan reduces the borrower’s equity in the home and, therefore, can increase the risk of default and the amount of the gross loss if a default occurs.

OTC - Over-the-counter

OTCQB - A marketplace, operated by the OTC Markets Group Inc., for OTC-traded U.S. companies that are registered and current in their reporting with the SEC or a U.S. banking or insurance regulator.

Other Investments and Cash Portfolio - Consists of: (i) the Liquidity and Contingency Operating Portfolio; (ii) cash and other investments held by consolidated trusts; (iii) collateral pledged by derivative and other counterparties; (iv) investments in unsecured agency debt; and (v) advances to lenders.

PCs - Participation Certificates - Single-class pass-through securities that we issue and guarantee as part of a securitization transaction. Typically we purchase loans from sellers, place a pool of loans into a PC trust and issue PCs from that trust. The PCs are generally transferred to the seller of the loans in consideration of the loans or are sold to third-party investors or retained by us if we purchased the loans for cash.

Pension Plan - The Federal Home Loan Mortgage Corporation Employees’ Pension Plan

Glossary

Performing loan - A loan where the borrower is less than three monthly payments past due, and not in the process of foreclosure. Conversely, a non-performing loan is one where the borrower is three months or more past due or is in the process of foreclosure. A reperforming loan is a loan that was previously classified as non-performing, but the borrower subsequently made payments such that the loan returns to less than three months past due.
PMVS - Portfolio Market Value Sensitivity - One of our primary interest-rate risk measures. PMVS measures are estimates of the amount of average potential pre-tax loss in the market value of our net assets due to parallel (PMVS-L) and non-parallel (PMVS-YC) changes in LIBOR.
Primary mortgage market - The market where lenders originate loans by lending funds to borrowers. We do not lend money directly to homeowners and do not participate in this market.
Purchase Agreement / Senior Preferred Stock Purchase Agreement - An agreement the Conservator, acting on our behalf, entered into with Treasury on September 7, 2008, relating to Treasury's purchase of senior preferred stock, which was subsequently amended and restated on September 26, 2008 and further amended on May 6, 2009, December 24, 2009, and August 17, 2012.
Recorded investment - The dollar amount of a loan recorded on our consolidated balance sheets, excluding any allowance, such as the allowance for loan losses, but including direct write-downs of the investment. Recorded investment excludes accrued interest income.
Recoveries of charge-offs - Recoveries of charge-offs primarily result from foreclosure alternatives and REO acquisitions on loans where a share of default risk has been assumed by mortgage insurers, servicers, or third parties through certain credit enhancements, or we received a reimbursement of our losses from a seller/servicer associated with a repurchase request on a loan that experienced a foreclosure transfer or a foreclosure alternative.
Reform Act - The Federal Housing Finance Regulatory Reform Act of 2008, which, among other things, amended the GSE Act by establishing a single regulator, FHFA, for Freddie Mac, Fannie Mae, and the FHLBs.
REIT - Real estate investment trust
Relief refinance loan - A single-family loan delivered to us for purchase or guarantee that meets the criteria of the Freddie Mac Relief Refinance Mortgage sm initiative. Part of this initiative is our implementation of HARP for our loans, and relief refinance options are also available for certain non-HARP loans. Although HARP is targeted at borrowers with current LTV ratios above 80%, our initiative also allows borrowers with LTV ratios of 80% and below to participate.
REMIC - Real Estate Mortgage Investment Conduit - A type of multiclass mortgage-related security that divides the cash flows (principal and interest) of the underlying mortgage-related assets into two or more classes that meet the investment criteria and portfolio needs of different investors.
REO - Real estate owned - Real estate which we have acquired through foreclosure or through a deed in lieu of foreclosure.
RMBS - Residential mortgage-backed security - A security backed by loans on one-to-four family residential real estate.

Glossary

RSU - Restricted stock unit
S&P - Standard & Poor's
SB Certificates - Structured pass-through certificates backed primarily by recently originated small balance multifamily loans purchased by Freddie Mac.
SCR debt note - Structured Credit Risk debt notes - A debt security where the principal balance is subject to the performance of a reference pool of multifamily loans guaranteed by Freddie Mac.
SEC - U.S. Securities and Exchange Commission
Secondary mortgage market - A market consisting of institutions engaged in buying and selling loans in the form of whole loans (i.e., loans that have not been securitized) and mortgage-related securities. We participate in the secondary mortgage market by issuing guaranteed mortgage-related securities, principally PCs, and by purchasing loans and mortgage-related securities for investment.
Senior preferred stock - The shares of Variable Liquidation Preference Senior Preferred Stock issued to Treasury under the Purchase Agreement.
Seriously delinquent or SDQ - Single-family loans that are three monthly payments or more past due or in the process of foreclosure as reported to us by our servicers.
SERP - The Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan
Short sale - An alternative to foreclosure consisting of a sale of a mortgaged property in which the homeowner sells the home at market value and the lender accepts proceeds (sometimes together with an additional payment or promissory note from the borrower) that are less than the outstanding loan indebtedness in full satisfaction of the loan.
Short-term debt - Other debt due within one year based on the original contractual maturity of the debt instrument. Our short-term debt issuances include discount notes and Reference Bills® securities.
Single-family credit guarantee portfolio - Consists of unsecuritized single-family loans, single-family loans held by consolidated trusts, single-family loans underlying non-consolidated resecuritization products, single-family loans covered by long-term standby commitments, and certain mortgage-related securities not issued by us that we guarantee that are collateralized by single-family loans. Excludes our resecuritizations of Ginnie Mae Certificates because these guarantees do not expose us to meaningful amounts of credit risk due to the credit enhancement provided on them by the U.S. government.
Single-family loan - A loan secured by a property containing four or fewer residential dwelling units.
STACR debt note - Structured Agency Credit Risk debt note - A debt security where the principal balance is subject to the performance of a reference pool of single-family loans owned or guaranteed by Freddie Mac.
Step-rate modified loan - A term that we generally use to refer to our HAMP loans that have provisions for reduced interest rates that remain fixed for the first five years and then increase over a period of time to a market rate.
Stripped Giant PCs - Multiclass securities that are formed by resecuritizing previously issued PCs or

Giant PCs and issuing principal-only and interest-only securities backed by the cash flows from the underlying collateral.

Subprime - Participants in the mortgage market may characterize single-family loans, based upon their overall credit quality at the time of origination, generally considering them to be prime or subprime. Subprime generally refers to the credit risk classification of a loan. There is no universally accepted definition of subprime. The subprime segment of the mortgage market primarily serves borrowers with poorer credit payment histories and such loans typically have a mix of credit characteristics that indicate a higher likelihood of default and higher loss severities than prime loans. Such characteristics might include, among other factors, a combination of high LTV ratios, low credit scores or originations using lower underwriting standards, such as limited or no documentation of a borrower’s income. While we have not historically characterized the loans in our single-family credit guarantee portfolio as either prime or subprime, we monitor the amount of loans we have guaranteed with characteristics that indicate a higher degree of credit risk. Certain security collateral underlying our other securitization products has been identified as subprime based on information provided to Freddie Mac when the transactions were entered into. We also categorize our investments in non-agency mortgage-related securities as subprime if they were identified as such based on information provided to us when we entered into these transactions.

SVP - Senior Vice President

Swaption - An option contract to enter into an interest-rate swap. In exchange for an option premium, a buyer obtains the right but not the obligation to enter into a specified swap agreement with the issuer on a specified future date.

Target TDC - Target total direct compensation

TBA - To be announced

TDR - Troubled debt restructuring - A restructuring of a debt constitutes a TDR if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider.

Thrift/401(k) Plan - The Federal Home Loan Mortgage Corporation Thrift/401(k) Savings Plan

Total mortgage portfolio - Includes loans and mortgage-related securities held on our consolidated balance sheets as well as our non-consolidated issued and guaranteed single-class and multiclass securities, and other mortgage-related guarantees issued to third parties.

Total other comprehensive income (loss) (or other comprehensive income (loss)) - Consists of the after-tax changes in the unrealized gains and losses on available-for-sale securities, the effective portion of derivatives accounted for as cash flow hedge relationships, and defined benefit plans.

Treasury - U.S. Department of the Treasury

UPB - Unpaid principal balance - Loan UPB amounts in this report have not been reduced by charge-offs recognized prior to the loan being subject to a foreclosure transfer, deed in lieu of foreclosure, or short sale transaction.

USDA - U.S. Department of Agriculture

VA - U.S. Department of Veterans Affairs
Variation margin - Payments we make to or receive from a derivatives clearinghouse based on the change in fair value of a derivative instrument. Variation margin is typically transferred within one business day.
VIE - Variable Interest Entity - A VIE is an entity that has a total equity investment at risk that is not sufficient to finance its activities without additional subordinated financial support provided by another party, or where the group of equity holders does not have: (i) the ability to make significant decisions about the entity's activities; (ii) the obligation to absorb the entity's expected losses; or (iii) the right to receive the entity's expected residual returns.
Warrant - Refers to the warrant we issued to Treasury on September 7, 2008 pursuant to the Purchase Agreement. The warrant provides Treasury the ability to purchase, for a nominal price, shares of our common stock equal to 79.9% of the total number of shares of Freddie Mac common stock outstanding on a fully diluted basis on the date of exercise.
Workforce housing - Multifamily housing that is affordable to the majority of low to middle income households.
Workout, or loan workout - A workout is either a home retention action, which is either a loan modification, repayment plan, or forbearance agreement, or a foreclosure alternative, which is either a short sale or a deed in lieu of foreclosure.
XBRL - eXtensible Business Reporting Language
Yield curve - A graphical display of the relationship between yields and maturity dates for bonds of the same credit quality. The slope of the yield curve is an important factor in determining the level of net interest yield on a new mortgage asset, both initially and over time. For example, if a mortgage asset is purchased when the yield curve is inverted (i.e., short-term interest rates higher than long-term interest rates), our net interest yield on the asset will tend to be lower initially and then increase over time. Likewise, if a mortgage asset is purchased when the yield curve is steep (i.e., short-term interest rates lower than long-term interest rates), our net interest yield on the asset will tend to be higher initially and then decrease over time.

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EXHIBIT INDEX

Exhibit No.	Description*
3.1	Federal Home Loan Mortgage Corporation Act (12 U.S.C. §1451 et seq.), as amended through July 21, 2010 (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, as filed on August 9, 2010)
3.2	Bylaws of the Federal Home Loan Mortgage Corporation, as amended and restated July 7, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K as filed on July 8, 2016)
4.1	Eighth Amended and Restated Certificate of Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Voting Common Stock (no par value per share) dated September 10, 2008 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K as filed on September 11, 2008)
4.2	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated April 23, 1996 (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)
4.3	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.81% Non-Cumulative Preferred Stock (par value $1.00 per share), dated October 27, 1997 (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)
4.4	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5% Non-Cumulative Preferred Stock (par value $1.00 per share), dated March 23, 1998 (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)
4.5	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.1% Non-Cumulative Preferred Stock (par value $1.00 per share), dated September 23, 1998 (incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)
4.6	Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated September 29, 1998 (incorporated by reference to Exhibit 4.6 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)
4.7	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.3% Non-Cumulative Preferred Stock (par value $1.00 per share), dated October 28, 1998 (incorporated by reference to Exhibit 4.7 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)
4.8	

	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.1% Non-Cumulative Preferred Stock (par value $1.00 per share), dated March 19, 1999 (incorporated by reference to Exhibit 4.8 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)
4.9	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.79% Non-Cumulative Preferred Stock (par value $1.00 per share), dated July 21, 1999 (incorporated by reference to Exhibit 4.9 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)

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Exhibit No.	Description*
4.10	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated November 5, 1999 (incorporated by reference to Exhibit 4.10 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.11	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated January 26, 2001 (incorporated by reference to Exhibit 4.11 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.12	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated March 23, 2001 (incorporated by reference to Exhibit 4.12 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.13	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.81% Non-Cumulative Preferred Stock (par value $1.00 per share), dated March 23, 2001 (incorporated by reference to Exhibit 4.13 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.14	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated May 30, 2001 (incorporated by reference to Exhibit 4.14 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.15	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 6% Non-Cumulative Preferred Stock (par value $1.00 per share), dated May 30, 2001 (incorporated by reference to Exhibit 4.15 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.16	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.7% Non-Cumulative Preferred Stock (par value $1.00 per share), dated October 30, 2001 (incorporated by reference to Exhibit 4.16 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.17	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.81% Non-Cumulative Preferred Stock (par value $1.00 per share), dated January 29, 2002 (incorporated by reference to Exhibit 4.17 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.18	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated July 17, 2006 (incorporated by reference to Exhibit 4.18 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.19	

	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 6.42% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated July 17, 2006 (incorporated by reference to Exhibit 4.19 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)
4.20	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.9% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated October 16, 2006 (incorporated by reference to Exhibit 4.20 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)

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Exhibit No.	Description*
4.21	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.57% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated January 16, 2007 (incorporated by reference to Exhibit 4.21 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.22	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.66% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated April 16, 2007 (incorporated by reference to Exhibit 4.22 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.23	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 6.02% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated July 24, 2007 (incorporated by reference to Exhibit 4.23 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.24	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 6.55% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated September 28, 2007 (incorporated by reference to Exhibit 4.24 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.25	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated December 4, 2007 (incorporated by reference to Exhibit 4.25 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)
4.26	Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Liquidation Preference Senior Preferred Stock (par value $1.00 per share), dated September 27, 2012 (incorporated by reference to Exhibit 4.26 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2012, as filed on February 28, 2013)
4.27	Federal Home Loan Mortgage Corporation Global Debt Facility Agreement, dated February 18, 2016 (incorporated by reference to Exhibit 4.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, as filed on May 3, 2016)
10.1	Federal Home Loan Mortgage Corporation Directors’ Deferred Compensation Plan (as amended and restated April 3, 1998) (incorporated by reference to Exhibit 10.25 to the Registrant’s Registration Statement on Form 10 as filed on July 18, 2008)†
10.2	First Amendment to the Federal Home Loan Mortgage Corporation Directors’ Deferred Compensation Plan (as amended and restated April 3, 1998) (incorporated by reference to Exhibit 10.27 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008, as filed on March 11, 2009)†
10.3	Federal Home Loan Mortgage Corporation Executive Deferred Compensation Plan (as amended and restated effective January 1, 2008) (incorporated by reference to Exhibit 10.28 to the Registrant’s

	Registration Statement on Form 10 as filed on July 18, 2008)†
10.4	First Amendment to the Federal Home Loan Mortgage Corporation Executive Deferred Compensation Plan (as amended and restated effective January 1, 2008) (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, as filed on November 14, 2008)†
10.5	Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as amended and restated effective January 1, 2008) (incorporated by reference to Exhibit 10.33 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)†

Exhibit Index

Exhibit No.	Description*
10.6	First Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (As Amended and Restated January 1, 2008) (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009, as filed on February 24, 2010)†
10.7	Second Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as Amended and Restated January 1, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K as filed on June 28, 2011)†
10.8	Third Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as Amended and Restated January 1, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, as filed on November 6, 2012)†
10.9	Fourth Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (As Amended and Restated January 1, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, as filed on August 7, 2013)†
10.10	Fifth Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as Amended and Restated January 1, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, as filed on October 25, 2013) †
10.11	Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan II (effective January 1, 2014)(incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014, as filed on February 19, 2015) †
10.12	First Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan II (effective January 1, 2014) (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015, as filed on August 4, 2015) †
10.13	Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.34 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)†
10.14	First Amendment to the Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.35 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)†
10.15	Second Amendment to the Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.36 to the Registrant's Registration Statement on Form 10 as filed on July 18, 2008)†
10.16	Third Amendment to the Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015, as filed on February 18, 2016)†

10.17	Fourth Amendment to the Federal Home Loan Mortgage Corporation Long-Term Disability Plan†
10.18	Executive Management Compensation Program Recapture and Forfeiture Agreement †
10.19	2015 Executive Management Compensation Program (incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015, as filed on August 4, 2015)†

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Exhibit No.	Description*
10.20	Memorandum Agreement, dated May 7, 2012, between Freddie Mac and Donald H. Layton (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K as filed on May 10, 2012)†
10.21	Restrictive Covenant and Confidentiality Agreement, dated May 7, 2012, between Freddie Mac and Donald H. Layton (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K as filed on May 10, 2012)†
10.22	Memorandum Agreement, dated September 24, 2013, between Freddie Mac and James Mackey (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, as filed on September 30, 2013)†
10.23	Restrictive Covenant and Confidentiality Agreement, dated September 25, 2013, between Freddie Mac and James Mackey (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K, as filed on September 30, 2013)†
10.24	Memorandum Agreement, dated July 3, 2012, between Freddie Mac and William H. McDavid (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, as filed on July 9, 2012)†
10.25	Restrictive Covenant and Confidentiality Agreement, dated July 6, 2012, between Freddie Mac and William H. McDavid (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K, as filed on July 9, 2012)†
10.26	Memorandum Agreement, dated April 7, 2013, between Freddie Mac and David B. Lowman (incorporated by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, as filed on February 27, 2014)†
10.27	Restrictive Covenant and Confidentiality Agreement, dated April 9, 2013, between Freddie Mac and David B. Lowman (incorporated by reference to Exhibit 10.49 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, as filed on February 27, 2014)†
10.28	Memorandum Agreement, dated April 6, 2015, between Freddie Mac and Anil Hinduja†
10.29	Restrictive Covenant and Confidentiality Agreement, dated April 7, 2015, between Freddie Mac and Anil Hinduja†
10.30	Description of non-employee director compensation (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K as filed on December 23, 2008)†
10.31	PC Master Trust Agreement dated February 2, 2017
10.32	Form of Indemnification Agreement between the Federal Home Loan Mortgage Corporation and executive officers (for agreements with officers entered into prior to August 2011) and outside Directors (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K as filed on December 23, 2008)†

10.33	Form of Indemnification Agreement between the Federal Home Loan Mortgage Corporation and executive officers (for agreements with officers entered into beginning in August 2011) (incorporated by reference to Exhibit 10.54 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2011, as filed on March 9, 2012)†
10.34	Amended and Restated Senior Preferred Stock Purchase Agreement dated as of September 26, 2008, between the United States Department of the Treasury and Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its duly appointed Conservator (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, as filed on November 14, 2008)

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Exhibit No.	Description*
10.35	Amendment to Amended and Restated Senior Preferred Stock Purchase Agreement, dated as of May 6, 2009, between the United States Department of the Treasury and Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its duly appointed Conservator (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, as filed on May 12, 2009)
10.36	Second Amendment dated as of December 24, 2009, to the Amended and Restated Senior Preferred Stock Purchase Agreement dated as of September 26, 2008, between the United States Department of the Treasury and Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its duly appointed Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, as filed on December 29, 2009)
10.37	Third Amendment dated as of August 17, 2012, to the Amended and Restated Senior Preferred Stock Purchase Agreement dated as of September 26, 2008, between the United States Department of the Treasury and Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its duly appointed Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, as filed on August 17, 2012)
10.38	Warrant to Purchase Common Stock, dated September 7, 2008 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K as filed on September 11, 2008)
12.1	Statement re: computation of ratio of earnings to fixed charges and computation of ratio of earnings to combined fixed charges and preferred stock dividends
24.1	Powers of Attorney
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)
31.2	Certification of Executive Vice President —Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification of Executive Vice President —Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation
101.DEF	XBRL Taxonomy Extension Definition

* The SEC file numbers for the Registrant's Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K are 000-53330 and 001-34139.

† This exhibit is a management contract or compensatory plan or arrangement.