

**PRICING SUPPLEMENT DATED May 13, 2003  
(to Offering Circular Dated April 4, 2003)**



**25,000,000**

**Freddie Mac**

**Fixed/Variable Rate Medium-Term Notes Due June 9, 2008  
Redeemable on June 9, 2005 only**

|                        |   |
|------------------------|---|
| Issue Date:            | June 9, 2003  |
| Maturity Date:         | June 9, 2008  |
| Subject to Redemption: | Yes. The Medium-Term Notes are redeemable at our option, upon notice of not less than 5 Business Days, at a price of 100% of the principal amount, plus accrued interest to the Redemption Date. We will redeem all of the Medium-Term Notes if we exercise our option. |
| Redemption Date(s):    | On June 9, 2005 only  |
| Interest Rate:         | The Medium-Term Notes bear interest at different rates, during different periods. (See "Interest Rates" herein).  |
| Principal Payment:     | At maturity, or upon redemption   |
| CUSIP Number:          | 3128X1FE2   |

You should read this Pricing Supplement together with Freddie Mac's Debentures, Medium-Term Notes and Discount Notes Offering Circular, dated April 4, 2003 (the "Offering Circular"), and all documents that are incorporated by reference in the Offering Circular, which contain important detailed information about the Medium-Term Notes and Freddie Mac. See "Available Information" in the Offering Circular. Capitalized terms used in this Pricing Supplement have the meanings we gave them in the Offering Circular, unless we specify otherwise.

**The Medium-Term Notes may not be suitable investments for you. You should not purchase the Medium-Term Notes unless you understand and are able to bear the redemption, yield, market, liquidity and other possible risks associated with the Medium-Term Notes. You should read and evaluate the discussion of risk factors (especially those risk factors that may be particularly relevant to this security) that appears in the Offering Circular under "Risk Factors" before purchasing any of the Medium-Term Notes.**

**The Medium-Term Notes, including any interest or return of discount on the Medium-Term Notes, are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac.**

|                      | <u>Price to Public (1)(2)</u> | <u>Underwriting Discount (2)</u> | <u>Proceeds to Freddie Mac (1)(3)</u> |
|----------------------|-------------------------------|----------------------------------|---------------------------------------|
| Per Medium-Term Note | 100%                          | .325%                            | 99.675%                               |
| Total                | \$25,000,000                  | \$81,250                         | \$24,918,750                          |

- (1) Plus accrued interest, if any, from June 9, 2003.
- (2) See "Distribution Arrangements" in the Offering Circular.
- (3) Before deducting expenses payable by Freddie Mac estimated at \$5,000.

**Morgan Stanley**

## DESCRIPTION OF THE MEDIUM-TERM NOTES

### INTEREST RATES

**VARIABLE RATE:**      *Interest from June 9, 2003 to, but not including, June 9, 2005:*

|                                 |  |
|---------------------------------|--|
| Applicable Interest Rate Index: | LIBOR  |
| Index Currency:                 | U.S. Dollars   |
| Index Maturity:                 | 3-Month  |
| Designated Telerate Page:       | 3750   |
| Reset Date:                     | Quarterly, on the 9 <sup>th</sup> day of each March, June, September and December  |
| LIBOR Determination Date:       | The second London Banking Day preceding the applicable Reset Date.   |
| Spread:                         | Plus 50 basis points (+ 0.50 percentage points)  |
| Interest Rate:                  | LIBOR (as defined in the Offering Circular) for the Index Currency at the Index Maturity, plus the applicable basis points listed above under "Spread". The Interest Rate will be adjusted on each Reset Date to reflect LIBOR for the Index Currency at the Index Maturity as of the applicable LIBOR Determination Date. |
| Initial Interest Rate:          | The initial interest rate for the Medium-Term Notes applicable from and including the Issue Date to, but excluding, the first Reset Date, will be equal to LIBOR for the Index Currency at the Index Maturity two London Banking Days prior to the Issue Date, <i>plus</i> 50 basis points (+ 0.50 percentage points).     |
| Day Count Convention:           | 30/360   |
| Payment of Interest:            | Quarterly, in arrears, on the 9 <sup>th</sup> day of each March, June, September and December (each such date, an "Interest Payment Date"), commencing September 9, 2003   |

**FIXED RATE:**      *Interest from June 9, 2005 to, but not including, the Maturity Date:*

|                       |  |
|-----------------------|--|
| Interest Rate:        | 4.00% per annum  |
| Day Count Convention: | 30/360   |
| Payment of Interest:  | Quarterly, in arrears, on the 9 <sup>th</sup> day of each March, June, September and December (each such date, an "Interest Payment Date"), commencing September 9, 2005 |

### RISK FACTORS

An investment in the Medium-Term Notes entails certain risks not associated with an investment in conventional fixed rate debt securities. See "Risk Factors" generally, and "Various Factors Could Adversely Affect the Trading Value and Yield of Your Securities," in the Offering Circular. Between June 9, 2003 and June 8, 2005, the interest rate of the Medium-Term Notes will be equal to LIBOR for the Index Currency at the Index Maturity *plus* a Spread of the applicable basis points, as described above. Investors should consider the risk that the variable interest rate on the Medium-Term Notes may be less than that payable on a conventional fixed rate debt security issued by Freddie Mac at the same time.

The secondary market for, and the market value of, the Medium-Term Notes will be affected by a number of factors independent of the creditworthiness of Freddie Mac, including the level and direction of interest rates, the variable rate of interest payable on the Medium-Term Notes, the anticipated level and potential volatility of LIBOR for the Index Currency at the Index Maturity, the method of calculating LIBOR for the Index Currency at the Index Maturity, the time remaining to the maturity of the Medium-Term Notes, the aggregate principal amount of the Medium-Term Notes and the availability of comparable instruments. The level of LIBOR for the Index Currency at the Index Maturity depends on a number of interrelated factors, including economic, financial and political events, over which Freddie Mac has no control. The following table, showing the level of LIBOR for the Index Currency at the Index Maturity in effect for the hypothetical Determination Dates listed below, illustrates the variability of that rate:

### Historical Levels of 3-Month LIBOR

| Hypothetical<br>Determination<br>Date | 3-Month<br>LIBOR<br>Percentage |
|---------------------------------------|--------------------------------|
| 6/7/2001                              | 3.91813                        |
| 9/7/2001                              | 3.48625                        |
| 12/7/2001                             | 2.00000                        |
| 3/7/2002                              | 1.92000                        |
| 6/7/2002                              | 1.89000                        |
| 9/7/2002                              | 1.77500                        |
| 12/7/2002                             | 1.42000                        |
| 3/7/2003                              | 1.31000                        |

The historical experience of LIBOR for the Index Currency at the Index Maturity should not be taken as an indication of the future performance of LIBOR for the Index Currency at the Index Maturity during the term of the Medium-Term Notes. Fluctuations in the level of LIBOR for the Index Currency at the Index Maturity make the Medium-Term Notes' interest rates difficult to predict and can result in actual interest rates to investors that are lower than anticipated. In addition, historical interest rates are not necessarily indicative of future interest rates. Fluctuations in interest rates and interest rate trends that have occurred in the past are not necessarily indicative of fluctuations that may occur in the future, which may be wider or narrower than those that have occurred historically.

### **OFFERING:**

1. Pricing date: May 13, 2003
2. Method of Distribution: x Principal      \_ Agent
3. Concession: Up to .325%
4. Reallowance: N/A
5. Underwriter: Morgan Stanley & Co. Incorporated D/B/A Morgan Stanley
6. Underwriter's Counsel: Cleary, Gottlieb, Steen & Hamilton

### **CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES**

The Medium-Term Notes constitute "variable rate debt instruments" as defined in the OID Regulations. In accordance with the OID Regulations, Freddie Mac believes that the Medium-Term Notes are not issued with OID because, pursuant to the OID Regulations, it is assumed that the Medium-Term Notes will be redeemed on the date on which the interest rate converts from a variable rate to a fixed rate. Therefore, Freddie Mac believes that all interest payments will be "qualified stated interest" under the OID Regulations, and will not report any original issue discount on the Medium-Term Notes. See "Certain United States Federal Tax Consequences – U.S. Owners – Callable Debt Obligations" in the Offering Circular.